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General Electric 1975 Annual Report

The cover indicates the two main emphases of this 1975 Annual Report. One: a review of General Electric's 1975 performance and future outlook for its major business categories. The second: summaries of GE positions on a number of public issues critical in shaping the economic, political and social environment in which these categories of business must operate. This dual presentation recognizes the new realities in which business managers — and share owners — can no longer limit their attention to the internal problems of a business but must concern themselves increasingly with the external factors that impact on its welfare.

General Electric's business stems directly from its historic role as the leading supplier of products used in the generation, transmission, distribution, control and utilization of electricity. Out of the interrelated core of the Company's electrical technologies, GE research and development has produced discoveries leading to business growth in such related areas as chemicals, plastics, medical systems, aircraft engines and ship propulsion systems.

The 1975 Annual Report is one of four quarterly issues of *The General Electric Investor*, published to inform share owners and investors about activities of the General Electric Company. Others may receive the *Investor* on request.

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1975 Financial highlights

(Dollar amounts in millions; per-share amounts in dollars)

For the year	1975	1974	Percent increase (decrease)
Sales of products and services to customers	\$13,399	\$13,413	—%
Operating margin	921	995	(7)
Interest and other financial charges	169	180	(6)
Provision for income taxes	358	382	(6)
Net earnings	581	608	(4)
Dividends declared	293	291	1
Funds generated from operations	980	1,001	(2)
Operating funds after dividends	687	710	(3)
At year end			
Borrowings	\$ 1,688	\$ 1,840	(8)%
Share owners' equity	4,069	3,704	10
Total capital invested	5,841	5,616	4

Measurements

Net earnings per common share	\$ 3.17	\$ 3.34	(5)%
Dividends declared per common share	1.60	1.60	—
Operating margin as a percentage of sales	6.9%	7.4%	
Percent earned on average share owners' equity	14.9	17.2	
Percent earned on average total capital invested	11.9	13.0	
Borrowings as a percentage of total capital invested	28.9	32.8	

Operating results by major categories	Sales		Net earnings		Earnings as a percent of sales	
	1975	1974	1975	1974	1975	1974
Industrial Components and Systems	\$ 4,320	\$ 4,529	\$226	\$254	5.2%	5.6%
Consumer	2,880	3,214	108	86	3.8	2.7
Industrial Power Equipment	2,922	2,787	65	101	2.2	3.6
Aerospace	1,972	1,916	76	75	3.9	3.9
International	3,745	3,218	158	174	4.2	5.4
General Electric Credit Corporation	—	—	52	43	—	—
Corporate eliminations	(2,440)	(2,251)	(104)	(125)	—	—
Total Company	<u>\$13,399</u>	<u>\$13,413</u>	<u>\$581</u>	<u>\$608</u>	4.3	4.5

Sales and net earnings by major category throughout this Report include intercategory transactions. To the extent that sales and earnings are recognized in more than one category, appropriate elimination is reflected in the "Corporate eliminations" line. Net earnings for each major category are after allocation of corporate items such as expenses of headquarters personnel, corporate research and development, other income and interest and other financial charges. Income taxes are allocated to major categories, except for the Credit Corporation, based on the total corporate effective tax rate. Unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 31.

The Chairman comments:



"Believing that the main problems we face today are external to the Company, your management in 1975 worked to improve the economic, political and social environment in which business operates. General Electric share owners can contribute by building public understanding of the essential role of savers and investors."

In a year when the U.S. economy reached the bottom of its most severe postwar recession, and when many other countries served by the Company experienced equally severe downturns, General Electric achieved earnings of \$581 million, a level just 4% below the 1974 record. Sales were about the same as the \$13.4 billion for 1974.

In your management's view, these results represent a performance of which General Electric employees can be proud.

Faced with a substantial economic downturn and a continued cost-price squeeze, General Electric's managers cut back expenses rigorously but in ways that, in the judgment of management, will not impair the Company's potential for future growth or long-range strategic planning. As an example, we maintained General Electric's level of activity in corporate research and development and our funding of promising new ventures.

In addition, efficient utilization of cash resources was given a high priority at all levels of management in 1975. The result was to reduce total debt by \$152 million from the 1974 year end while increasing cash and marketable securities by \$481 million.

Share owners were also protected from the most severe effects of the recession by the fact that many of General Electric's businesses ran counter to the main downward thrust of the economic cycle. When sales of consumer goods and components were at their low point, our industrial and international operations were strong. And most significantly, a number of our businesses in systems oriented to social needs, and in fast-growing service industries, continued to grow right through the recession.

For General Electric, the low point of the recession came in the 1975 first quarter, when two of the main categories of the Company's business operated at a loss and total earnings were down 39% from the 1974 quarter. Second-quarter earnings were off 13% from the

comparable 1974 quarter. But in the third quarter of 1975, earnings were 7% ahead of the 1974 third quarter and advanced to a 15% gain in the year's final quarter.

The outlook for 1976

The Company is emerging from this recession in a strong financial position, with our growth potential intact. We are ready to take full advantage of the upturn in the U.S. economy and of the somewhat slower recovery anticipated in international markets.

Specifically, our General Electric economists are looking for real growth of over 5% for the U.S. gross national product in 1976, with an inflation rate in the range of 6% to 7%. Our expectation, consequently, is for a moderate and steady recovery. This means a highly competitive situation both at home and abroad, with all competitors battling very hard for business.

In these circumstances, the keys to General Electric's 1976 strategy will be continued cost control, effective cash management, realistic price improvement and growth-oriented resource allocations — all measures that are aimed at improving results for share owners.

During 1976, the Company and unions representing most GE hourly employees will negotiate new contracts replacing those that expire on June 27. We expect these negotiations to result in an equitable settlement, with consideration given both to employees' and the Company's interests. In accordance with our long-standing policy, it is our objective to keep compensation paid to employees competitive in the communities where they work. At the same time, it is necessary to keep the Company's costs of goods and services competitive in the many market places served by General Electric.

Plant and equipment expenditures in 1976 are expected to be increased by about 20% from 1975's depressed level of \$448 million.

Utah International merger proposed

On December 15, 1975, it was announced that the Boards of Directors of General Electric and Utah International Inc. had authorized the negotiation of a definitive merger agreement. The proposed merger is to be accomplished through a tax-free exchange of 1.3 shares of General Electric common stock for each outstanding share of Utah common stock.

Consummation of the merger is subject to the negotiation of a mutually satisfactory merger agreement and to approvals by the Boards of Directors and share owners of both companies. Additionally, the merger will be subject to requisite governmental approvals here and abroad.

Regulations of the Securities and Exchange Commission impose limitations on our communications to share owners during the period of merger negotiations. At the appropriate time, however, management will provide additional information on the transaction.

Investors — the "forgotten people"

Share owners will note that in this 1975 Annual Report we have included brief "position papers" on a number of public issues whose resolution will have a powerful impact on the future of business and on the interests of share owners.

This reflects our belief that savers and investors will remain forgotten people in the U.S. unless there is a more balanced approach toward the resolution of public issues that will determine the environment in which business must operate.

Your management is deeply aware that the main problems we face today are external to the Company. We have substantially increased our efforts to inform the public and its governmental representatives of the need for changes in national attitudes and government policies if the U.S. economy is to prosper and U.S. industry is to compete successfully in world trade.

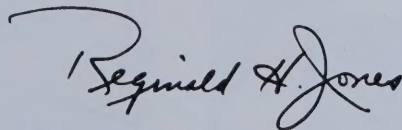
In our view, the evolution of the United States' "mixed" economy calls for a

constant re-evaluation of the interrelations of the private and government sectors, the consumer and producer sectors, and of domestic and international trade. We see it as essential that the U.S. retain a strong private sector as the means by which the American people can — far more effectively than any centralized planning group — make their economic decisions known and indicate the needs they wish fulfilled. This means that the private sector must remain the source of economic initiatives and the chief determinant in allocating resources.

But if the private sector is to remain strong, there must be changes in national direction. A basic premise of the summaries in this report is that government has been growing faster than the economy that supports it, resulting inevitably in a sapping of the private sector's vitality. Yet, despite this growth, there are important areas where government policy is weak and contradictory — with energy policy, incentives for research and development, and international trade as three particularly critical areas.

We urge General Electric share owners to shape their own viewpoints on these themes. The evolving public debate on these issues urgently needs the perspectives of thoughtful savers and investors.

And make no mistake: the improved public understanding that could be generated by over half-a-million General Electric share owners would be more than an aid to business; it would be a service to America.



Chairman of the Board
and Chief Executive Officer
February 20, 1976

Industrial components and systems:

Mixed results reflect 1975's diverse economic trends

The diverse products and services that make up this category were affected by varying economic cycles during 1975. General Electric operations which supply producer equipment for industry started the year with strong sales and earnings resulting from record orders backlogs. Results, however, trailed off as the year progressed. Components and materials operations serving consumer goods and construction markets were weak throughout most of the year, but began to show gains as the year closed. Medical systems and information and industrial services improved both sales and earnings for the year.

On balance, the negative factors in 1975 outweighed the positive: the category showed a 5% decrease in sales and an 11% drop in earnings from the 1974 level. However, the Industrial Components and Systems category remained the largest contributor to the Company's total results, accounting for 27% of sales and 33% of earnings in 1975.

Prospects for 1976 continue to be mixed. While orders in the producer goods sector remain slack, the compo-

(In millions)	1975	1974	1973	1972	1971
Sales	\$4,320	\$4,529	\$3,728	\$3,158	\$2,865
Net earnings	226	254	181	156	139

Representative products and services: ballasts, batteries, capacitors, communication systems, computer time-sharing, controls, cutting tools, drive systems, electric motors, electronic tubes, equipment service, industrial heating, insulating materials, medical systems, plastics, silicones, transportation systems, wire and cable and wiring devices.

nents and consumer markets are continuing their comeback from early 1975 lows. And those operations which are oriented to service industries — apparatus service shops, medical systems, transportation equipment, communications products and computer information services — remain on strong growth curves.

Highlights of 1975 operations:

- Expanding worldwide businesses in custom drive systems for the process industries and in water-wheel generators for hydroelectric power helped to offset the decline in domestic orders from other sectors of the market as capital expansion by many industries declined.
- General Electric sales of contractor and control equipment declined slightly, affected by diminished activity in the construction and industrial control markets. Some promising growth areas emerged, however. Among them: circuit protective devices such as the residential ground fault circuit interrupter for greater safety in the home; improved uninterruptible power supplies for use where power continuity is essential —

hospitals, computer centers and airports, for example; machine tool controls using the latest semiconductor technology for improved manufacturing flexibility; and General Electric Power Control Rooms that integrate into one factory-built room the whole electrical system needed for steel mills and other industrial operations.

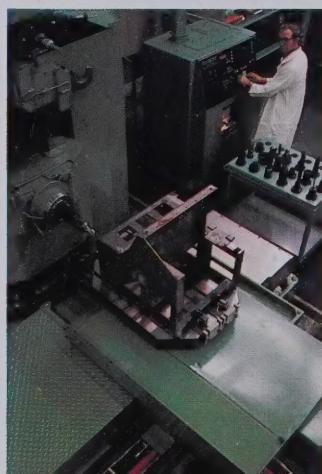
- The Company's leadership as an exporter of locomotives helped to offset the decline in orders from domestic railroads. GE's transportation systems business also received a major order for commuter cars and experienced a healthy growth in sales of its electric propulsion and drive systems. New GE all-electric locomotives, the first of 26 purchased by Amtrak for high-speed service in the Northeast Corridor, were placed in service in 1975.

- General Electric operations supplying communications equipment had increased sales and earnings in 1975. The mobile radio business was particularly successful in building sales in international markets. Effective marketing strategies for TerminiNet® electronic

(continued on page 8)



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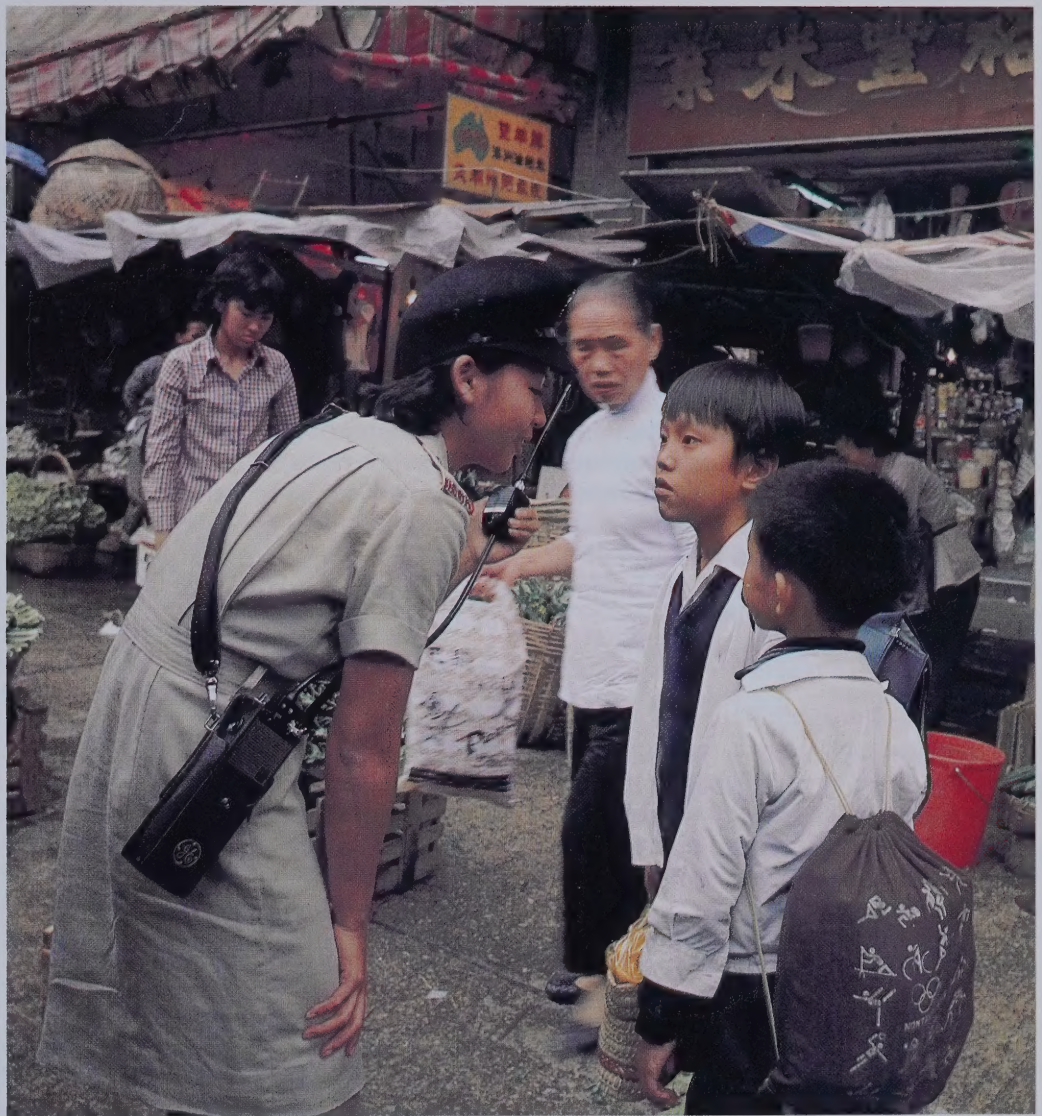


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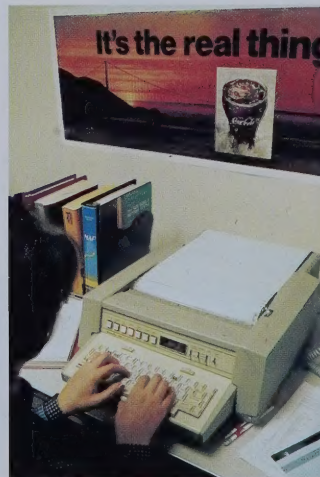


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GE products to help improve the quality of life in a wide variety of applications and areas include mobile radio systems (right), as used for two-way communications by Hong Kong police. Below: (1) motors to drive self-propelled sprinklers for Western farming; (2) numerical controls for advanced types of machine tools; (3) ground fault circuit interrupters to safeguard against accidental electric shocks in the home; (4) newest of GE's apparatus service shops — in Houston, Texas; (5) all-electric high-speed locomotives for mainline service; (6) computer information services network, used by customers on four continents to integrate their operations; and (7) transit cars, as exemplified by new cars supplied for Philadelphia and New York commuters.



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teleprinters have resulted in important advances on two fronts. Two major international communications companies are now handling offshore distribution of these printers through their extensive sales networks, principally in Europe. And in the U.S., new market potential has opened up with agreements that enable the TerminiNet printer to be sold to telephone companies throughout the country.

- The Company's information services business continued its rapid growth as customers found the fast, accurate data provided by the MARK III® computer network especially valuable in maintaining overall management and financial control of their businesses. Expansion of this General Electric-developed business again exceeded the growth rate for the market in time-sharing computer services.

- Medical systems continued to improve earnings from its line of x-ray equipment and services. Addition of a nuclear-camera product line, together with technical advances in development of General Electric computerized tomography systems, have given this business a strong position in the rapidly growing imaging market.

- Growth in General Electric's worldwide network of apparatus service shops, which service other manufacturers' products as well as General Electric's,

is being maintained both by expanding the number of facilities and by broadening the service capabilities of existing shops. Many GE shops now offer mechanical as well as electrical repair capabilities, and provide instrument rental and repair services for customers.

- General Electric businesses supplying small electric motors, appliance controls and electronic components showed similar patterns during 1975: slack markets during much of the year, followed by a strengthening upturn as the economy began to recover. Several innovations are expected to reinforce these operations' reviving sales: an Energy Saver line of fractional-horsepower motors that are 15 to 35% more efficient than previous models; the Form G-5 motor that is 25% lighter yet delivers greater torque; and a new digital timer for electric and gas ranges that has been adopted by virtually every U.S. range manufacturer.

- A significant broadening of the range of applications for General Electric nickel cadmium rechargeable batteries partially offset the impact of sharply lower demand in the high-volume calculator and portable tool markets, resulting primarily from customer inventory adjustments.

- The Company's business in high-performance engineering plastics suffered a sharp downturn in orders during

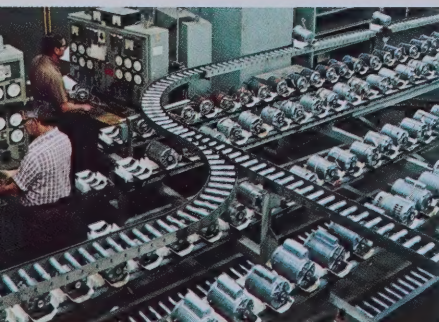
the first two quarters as customers liquidated inventories they had built up in anticipation of materials shortages. But orders staged an excellent comeback in the second half of the year.

- General Electric sales of silicone products were also affected by weaknesses in appliance, furniture and construction markets. As an indicator of silicones' growth potential, GE increased its sales to the auto industry in 1975 despite the year's slackness in auto sales.

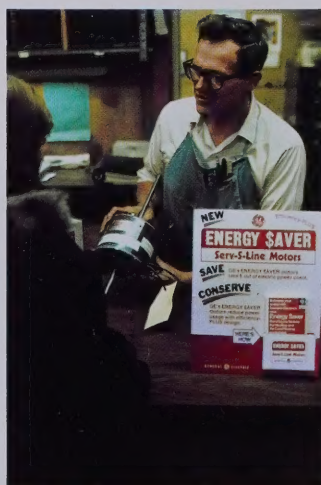
- General Electric's business in metallurgical products showed improvement in both sales and earnings, reflecting industry's strong demand for high-performance tungsten-carbide cutting edges. U.S. auto manufacturers' retooling for production of smaller cars contributed to this growth.

- Applications continued to grow for General Electric's Man-Made® diamonds, Borazon® abrasives and new Compax® diamond blanks developed for wire drawing and specialty machining uses.

The General Electric Supply Company, which distributes the products of other manufacturers as well as those of GE, placed increased emphasis on serving new and developing markets in order to strengthen its overall position and reduce the impact of lower construction-market sales.



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Business environment:
Greater capital incentives needed to
revitalize neglected producer sector

Capital formation, when translated into human terms, means jobs for the unemployed, jobs for young people coming into the labor force, housing for new families, renewal for cities, development of energy sources, and vitality for business enterprises.

To meet its needs, the U.S. will have to supply its increasingly capital-intensive economy with greater amounts of capital than ever before. A sluggish economy and an apparent excess capacity have masked the private sector's future capital needs, estimated at nearly \$4.5 trillion for the 1974-85 period, compared with \$1.5 trillion in the 1962-73 period.

The capital America needs for growth, however, will simply not be available unless the U.S. reverses direction by adjusting national policies to expand the private sector of the economy and stem the excessive growth of government.

Tax policy has been a major factor in the steady deterioration of the economy's capital-forming capability. Reported profits of non-financial corporations have been declining as a proportion of GNP — from a pre-tax level of 13.5% in 1950 to 7.4% in 1974. Moreover, reported profits for many companies in recent years have been greatly overstated because of the distorting effects of inflation. When the effects of underdepreciation and phantom inventory profits are taken

into consideration, industry's earnings show an even sharper decline — from 10.3% of the gross national product in 1950 to 4.5% in 1974.

This deterioration has produced disturbing shifts in the ways that U.S. industry meets its investment needs. While in 1965 retained earnings provided 23% of new funds, in 1974 they accounted for only 5%. Business borrowed only 38% of its new funds in 1965, compared with 53% in 1974.

The resulting retrenchment in business investments is a key reason why U.S. productive machinery is over-aged, in comparison with that of most other industrialized nations. Some 75% of U.S. machine tools are more than five years old; 65% are more than ten. In Japan, by contrast, only 35% of the machine tools are over ten years old.

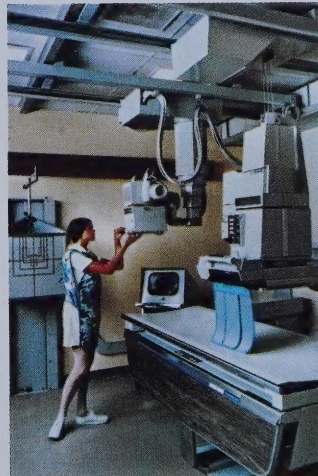
Continuation of present investment-sapping trends will leave the U.S. far short of the capital it will need to energize its economic growth.

The answer, in the view of GE managers, is to change national priorities and give more attention to the neglected producer sector. Much can be accomplished through reforms and incentives — including tax depreciation provisions which allow for a more rapid recovery of capital costs, a permanent and more liberal investment tax credit, retention of present tax treatment of foreign-source income to help U.S. firms compete in world markets, and a program for phasing out the double taxation of dividends.

The diversity of industrial and commercial customers served by GE is illustrated by (1) Form G-5 motors, compact new power sources for a variety of products; (2) high-efficiency Energy Saver motors for heating and air conditioning replacement markets; (3) techniques for injection molding of a plastic part with total surface of up to 100 sq. ft.; (4) greater penetration of GE plastics and silicones into auto markets, including tops for some models molded from Lexan® resin; (5) new use for Lexan resin — play maze for children; (6) new product developments in GE medical x-ray equipment which improve diagnostic procedures; and (7) U.S. leadership in service and distribution for x-ray products.



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Consumer: Earnings improve; markets turn upward

Entering 1975 in a sharp decline, GE sales to consumer markets touched bottom early in the year and began an improvement that continued through the end of the year. This upturn brought total 1975 sales to within 90% of the 1974 level.

Earnings improved substantially and, for the full year, exceeded the depressed 1974 level by 26%. Rigorous efforts to reduce expenses, combined with price improvements to offset escalating costs, accounted for the earnings gain.

The Consumer category contributed 18% of total General Electric sales and 16% of earnings.

Major appliance sales at the retail level showed good recovery late in the year. However, continued low rates of housing starts precluded significant improvement in the contract appliance business. Appliances sold primarily in the replacement market, such as home laundry products and refrigerators, showed a faster recovery than those, such as ranges and dishwashers, tied more closely to housing construction.

Sales of Weathertron® heat pumps rose to a record volume. Providing

(In millions)	1975	1974	1973	1972	1971
Sales	\$2,880	\$3,214	\$3,097	\$2,782	\$2,383
Net earnings	108	86	148	144	105

Representative products and services: air conditioners, appliance service, broadcasting, clothes washers and dryers, dishwashers, heat pumps, lamps, personal care and portable appliances, radio and television receivers, ranges and refrigerators.

efficient all-electric heating and air conditioning, Weathertron heat pumps are increasingly being selected over oil and gas heating and cooling units.

Despite the recession, the after-sale factory service network for GE and Hot-point appliances and TV was further expanded, including extension of factory service to Hawaii.

Housewares and audio products sales were slow during the early part of the year but participated in the improvement as the year progressed. To further strengthen sales, these businesses are offering a wide range of new products, including GE's first public service band scanning radios.

GE shared the industry's disappointing year in sales of TV sets. Sales trends favor the smaller sets and portables, lines in which GE has strength.

GE's lamp operations enjoyed a strong comeback in earnings. New energy-saving lamps, including incandescents and "Watt Miser" fluorescents, won widespread consumer acceptance.

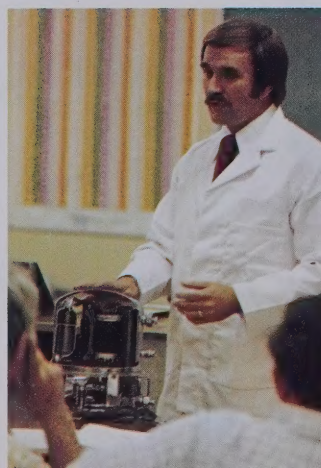
Looking ahead, the market for electrical home products looks promising

due to postponed purchases and the increasing number of appliances reaching replacement age. Longer-term prospects are also strengthened by high rates of family formations and an expected increase in housing starts. General Electric's efforts to participate fully in this upturn through greater customer acceptance are backed by the industry's strongest manufacturing, distribution and service capabilities. Customer Care Everywhere® service provides expert guaranteed service, and supplies reliable replacement parts not only where you buy but also wherever you move.

General Electric Credit Corporation

(In millions)	1975	1974	1973	1972	1971
Net earnings	\$52	\$43	\$42	\$41	\$31

Earnings of General Electric Credit Corporation were better throughout 1975 than in 1974 as lower interest costs and a higher level of receivables more than offset considerably higher provisions for losses and lower yields. Condensed financial statements of GECC appear on page 34.



Business environment:
Controlling government growth — one key to checking inflation

If control of government growth is essential to revitalize the producer sector of the U.S. economy, it is equally important to the consumer sector. Consumers are affected in many ways by the expansion of government. In the current surge of legislation designed to protect consumers, for example, little mention is made of the tax moneys required by the new administrative bureaucracies or of the cost/benefit trade-offs that should be considered.

But the main impact that governmental growth has on the consumer is through the inflation that becomes inevitable when government grows faster than the economy that supports it and faster than taxation can pay for. The U.S. experience in the 1974-75 recession clearly reaffirmed the correlation between inflation rates and consumer confidence. Double-digit rates of increase contributed significantly to consumers' unease; confidence has been returning as those most extreme rates of inflation have been scaled down.

But for the U.S. to win long-term mastery over inflation, more fundamental changes than have yet been made will be required.

The basic need is to check the trend toward ever higher governmental claims on national income. Government at all levels claimed a tenth of the gross na-

tional product in 1929; today its take is over one-third, and heading higher.

Taxes affect the private sector more seriously than by merely reducing the income that consumers can spend on their needs and wants. The tax take also drains away the funds available for private investment — the primary source of funds by which industry improves its productivity and combats inflation.

Moreover, the need to impose taxes at ever increasing levels to support government growth has impeded the overhaul of the taxing system to remove features that distort the economy's functioning. A case in point is one familiar to share owners: the double taxation of dividends — once when the earnings are taxed to the corporation and again when dividends are taxed to the share owners.

This has made payments to investors less attractive than payments to lenders, because interest paid is tax-deductible. It is thus no happenstance that equity issues have provided only 3.3% of new capital raised, on the average, during the past 20 years. In 1974 it amounted to a mere 2.2%.

One solution would be to treat "money rental costs," both dividends and interest, as tax-deductible business expenses. This would help to make equity issues more attractive as sources of capital.

GE managers believe that incentives to encourage savers and investors are essential if the private sector is to provide the funds industry will need to increase productivity and help check inflation.

Important emphases in GE consumer goods during 1975: (1) added convenience, in Toast-R-Oven® toaster that broils as well as toasts, bakes and top-browns; (2) quality control, in clothes washers and dryers undergoing quality tests; (3) service, as classes improve servicemen's skills in Weathertron heat pumps; (4) Customer Care Everywhere service, extended to Hawaii; (5) high performance, in New Monogram® radio models and Loud-mouth® tape player; (6) value, in Townhouse® TV combining solid-state color and matching stand in a "compact console;" and (7) innovation, illustrated by Flip Flash providing eight flashes in a single reversible extender.

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Industrial power equipment: Adjusting to slower electrical growth

General Electric's Industrial Power Equipment sector underwent major adjustments in 1975 in the wake of the worldwide energy crisis and the economic recession.

As expected, although sales in this category were up somewhat, earnings were lower in 1975 than 1974. A decline in shipments of steam turbine-generator units from the earlier year had a significant adverse impact on earnings. The category accounted for 18% of the Company's total sales and 9% of earnings.

The backlog of unfilled orders for the category was \$13.5 billion at the end of 1975, compared with \$13.7 billion a year earlier. As noted in last year's annual report, the utility industry made extensive deferrals and cancellations of power equipment orders in the second half of 1974. There was only a 2% load growth by the utility industry in 1975. This resulted in some additional deferrals and cancellations, although on a smaller scale than in 1974.

GE's steam turbine-generator backlog was \$4.7 billion at year end, of which \$1.8 billion is scheduled for shipment

(In millions)

	1975	1974	1973	1972	1971
Sales	\$2,922	\$2,787	\$2,477	\$2,249	\$2,131
Net earnings	65	101	129	130	130

Representative products and services: gas turbines, installation and service engineering, lighting systems, marine turbines and gears, mechanical drive turbines, meters, nuclear power reactors and fuel, power circuit breakers, steam turbine-generators, switchgear, transformers and other power apparatus for industry.

after 1980. Shipments of steam turbine-generators during 1975 totaled 16.4 million kilowatts compared with 21.3 million in 1974. Shipments in 1976 are expected to be at levels approximately 17% above those in 1975.

General Electric's nuclear business increased its sales in 1975 and remained marginally profitable. The nuclear orders backlog at the end of 1975 was \$6.2 billion, of which \$3.3 billion is scheduled for shipment after 1980.

The Company's nuclear operations are devoting intensive effort to earn for General Electric nuclear systems the reputation for outstanding quality and superiority enjoyed by General Electric steam turbine-generators. Over the next several years the Company plans to continue to spend significant amounts on engineering and development in support of nuclear projects now in the backlog — investments that, while they will reduce current earnings prospects for the nuclear business, are expected to more than pay for themselves by increasing acceptance of GE systems and by reducing future costs.

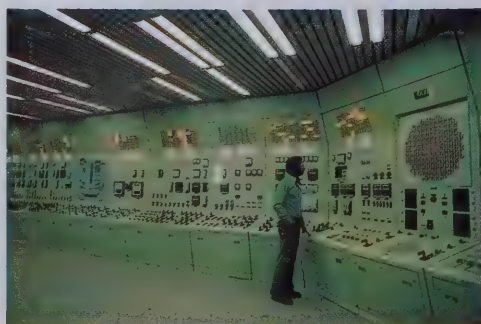
Development of improved boiling water reactor systems is one basic contribution General Electric can make toward the goal outlined in the Business Environment summary on page 15: to join with government efforts to make nuclear power a key element in the balanced energy program the U.S. needs in order to diminish its reliance on energy imports.

As reported in previous annual reports, customers have required that nuclear fuel be sold with warranties related to fuel life span, even though the experience base for predicting the life of nuclear fuel under power plant operating conditions is still relatively small. As of December 31, 1975, these warranty commitments related to fuel in service with a sales value of \$712 million, and to fuel in the backlog valued at \$2.9 billion, covering deliveries through the 1980s.

The fulfillment of a small number of its nuclear fuel orders requires General Electric to procure uranium. GE's maximum uranium requirements total about 28 million pounds, with actual require- (continued on page 14)



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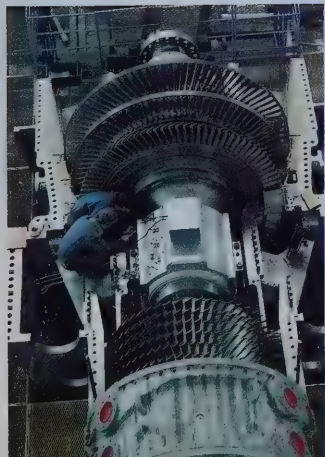


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Highlights in electric power generation in 1975 include, at right, the James A. FitzPatrick nuclear power plant near Oswego, N.Y., equipped with a GE boiling water reactor system. Below: (1) major new facility for testing nuclear components at San Jose, Calif.; (2) GE's international business in nuclear plants, represented by control room of Italy's Caorso plant; (3) one of the world's largest fossil-fueled power plants — GE-equipped Kashima Station of Tokyo Electric Power Co.; (4) renewed interest in STAG (steam and gas) combined-cycle power systems similar to earlier STAG at Brunot Island, Pa.; (5) successful introduction of new gas turbine for 50-cycle market; (6) complex of 16 GE gas turbines, supplying TVA power; and (7) first of nine new containerships with geared marine steam turbine ship propulsion equipment furnished by GE and its manufacturing associates.



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ments likely to decrease to about 20 million pounds or less. General Electric has on hand or under contract about 21 million pounds of uranium. In addition, some fuel orders include uranium enrichment, reprocessing, plutonium fabrication and waste disposal services. In view of continuing uncertainties regarding government policies, and ongoing discussions with customers, the costs of these services are not now determinable.

Previous annual reports also reported on the antitrust suit filed in 1971 by American Electric Power Company, challenging the turbine-generator pricing policies adopted in 1963. This litigation continues in its pretrial phase and a final decision is unlikely until the late 1970s. Based on the existing state of the law, General Electric is confident of its ability to prevail, but the outcome is, of course, subject to the inevitable uncertainties of litigation. General Electric has granted an extension of the statute of limitations to other utilities with respect to their purchases of turbine-generators.

Notwithstanding the problems currently affecting the Company's industrial power sector, management remains confident that the anticipated resumption in utility load growth will enable these businesses to make increasing contributions to the Company's earnings.

During 1975, residential and commercial usage of electricity increased 6.5%.

But since industrial sales decreased 4.5%, total kilowatt-hour sales rose only 2%. With the anticipated recovery in industrial production, electrical load growth is expected to resume in 1976 and to continue thereafter, although at a rate somewhat below the historical 7% rate.

The outlook is also improved by the turn toward better financial results for utilities made possible by the moderation of inflation and by more adequate rate relief.

General Electric gas turbines had a second difficult year in 1975 because of the weak domestic utility market. However, because of strength in international markets, gas turbine sales decreased only slightly from 1974 levels. During the last months of 1975, the domestic market for these products, which have a shorter manufacturing cycle than other large power generation apparatus, began to show signs of an upturn as utilities' prospects improved.

The excess of oil tanker capacity cut sharply into markets served by GE's marine propulsion turbine systems, forcing cancellation of some orders in the backlog. A slow recovery is expected for the marine business.

Sales by General Electric's power delivery operations, supplying transformers, circuit breakers, switchgear and related apparatus, were down slightly

from the preceding year, although operating results were improved through better pricing and cost and productivity improvement programs. Backlogs declined in 1975 because of weakness in new orders.

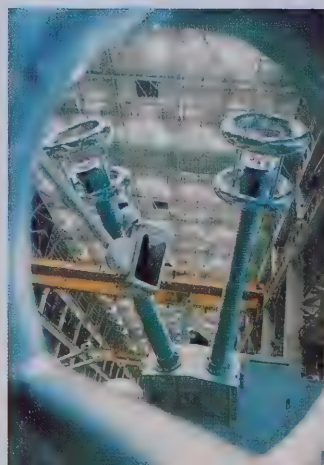
The Company continued its development programs in high-voltage transmission, both AC and DC. Work aimed at improving ultra-high-voltage AC transmission is underway for the Electric Power Research Institute at General Electric's Project UHV facility in Lenox, Mass. The studies are concentrating both on the environmental effects of high-voltage transmission and on ways to achieve greater economies in power-line construction and transmission costs.

General Electric continued in 1975 to extend its leadership in solid-state high-voltage direct-current (HVDC) technology. The Square Butte Project, the nation's first solid-state HVDC transmission line, will use GE equipment to bring power to Duluth, Minn., from a generating station located near vast lignite deposits in North Dakota.

With customers facing energy supply and cost challenges, General Electric's lighting systems business is concentrating on its higher-technology energy-efficient lighting systems such as Lucalox® high-pressure sodium lamps to serve the needs of municipal and industrial markets.



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Business environment:
**Recommendations to reduce U.S.
dependence on energy imports**

Over two years after the Arab oil embargo triggered the energy crisis, the U.S. has not yet evolved a coherent national energy policy. In the massive debate stimulated by energy issues, GE managers have been emphasizing these key points:

- A multi-pronged energy strategy is necessary, relying principally on the nation's plentiful supplies of coal and nuclear fuel and on conservation to meet near-term objectives. Fuels that are in short supply, such as natural gas, should be reserved for those uses where they are most needed.
- Conservation, while essential, cannot alone meet the energy demands that will result from the next decade's 18% increase in U.S. households, 16% rise in the labor force and 32% climb in the family-forming 25-34 age bracket.
- Increased use of coal requires further development of the mining and transportation industries.
- Nuclear power must be increasingly utilized if the U.S. is to achieve a greater measure of energy self-sufficiency. But real progress in the use of nuclear technology will be slow until the federal government moves more decisively to remove the uncertainties that have affected both public confidence and the investment decisions of electric utilities. Firmer government support is necessary

in such areas as fuel reprocessing and storage of nuclear wastes, streamlining the regulatory process, and backing the overwhelming judgments of the technical community that the benefits of nuclear power far outweigh any risks associated with nuclear generation.

- Advanced energy sources such as solar, geothermal steam and fusion deserve stepped-up research. But Congress and the public must guard against over-optimism toward solutions such as these, which will not produce significant amounts of usable energy for many years to come.
- A financially healthy electric utility industry is basic to meeting U.S. energy needs. Utilities have begun to recover from the effects of the severe financial pinch that resulted when soaring costs outran the rate increases granted by regulatory commissions. Today's improved utility earnings, reflecting more adequate rate levels, will strengthen the utilities' ability to generate and attract the enormous amounts of capital they will need to prepare for future electrical demands. But these favorable trends require continuing public understanding that, despite necessary rate increases, electricity remains high among the consumer's greatest bargains.

The United States today is meeting its energy needs with a higher percentage of energy imports than in 1972. A positive program such as that outlined here could reverse this trend and lead the U.S. toward greater energy self-reliance.

1975 GE power developments pictured below include: (1) Soviet managers and technicians participating in an extensive training program on operation of GE gas turbines purchased by the USSR; (2) HVDC transformer for Zaire under test at Pittsfield plant; (3) transformer cores being annealed for high-quality performance of underground distribution transformers; (4) GE automatic meter reading and control system under development to transmit readings via power lines; (5) new electrical insulation expected to withstand over 500,000 volts in supercooled power cables; (6) valve for first U.S. solid-state high-voltage DC transmission line; and (7) U.S. Open Tennis Championship's first night matches, under GE lighting system.



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Aerospace: Continuing strengths from high-technology products

The Aerospace category's sales and earnings for 1975 were up slightly from 1974 despite a decline in sales of commercial engines. The category contributed 13% of GE's total sales and 11% of earnings.

Improved sales and earnings by operations supplying military aircraft engines and other military and commercial equipment accounted for the category's steady 1975 results.

For U.S. security, the Company specializes in advanced technologies such as missile launch, guidance and re-entry systems, earth orbiting satellites, and radar and sonar devices. Among the programs served by GE are the Polaris, Poseidon and Trident submarine-launched missiles and the land-based Minuteman missile system.

The Company's business in avionics — including aircraft instrumentation and flight controls — had a strong year in both sales and earnings.

Technology derived from space is being applied in a growing number of ways:

- Insulation developed by General Electric for Apollo spacecraft has been

(In millions)

	1975	1974	1973	1972	1971
Sales	\$1,972	\$1,916	\$1,611	\$1,514	\$1,623
Net earnings	76	75	44	27	36

Representative products and services: aerospace instruments, aircraft jet engines, armament systems, flight controls, industrial and marine power plants, missile re-entry systems, product service, radar, sonar and space flight systems.

adapted for use in Alaskan oil pipelines and well casings.

- General Electric earth stations to handle transmissions from communications satellites are in use to improve communications with offshore oil drilling operations and for direct communication between remote areas of Alaska and other states.

- Factories for producing modular housing units, using GE production systems, are in operation in Japan and Iran.

GE operations producing jet engines for aircraft, industrial and marine applications kept a tight rein on costs in order to hold earnings even with 1974's good level, despite a 1975 drop-off in sales of commercial aircraft engines.

It was a year of notable developments for GE engine operations:

- The first Boeing 747 aircraft powered by GE's CF6 engines went into commercial service, making the CF6 the only engine powering two-engine, three-engine and four-engine wide-bodied aircraft — the A 300 European Airbus, the DC-10 and the 747, respectively. By the end of 1975, a total of 38 airlines had

ordered CF6-powered aircraft.

- Four of the CFM56 engines being developed jointly by GE and SNECMA, the French manufacturer, are now on test. This engine is designed for the medium-size, medium-range aircraft expected to make up the next significant engine market in the 1980s.

- The LM2500 industrial and marine powerplant derived from aircraft engines made a strong gain in sales. The Navy accepted the first of 30 Spruance-class destroyers powered by these engines, and the LM2500 entered a new market by winning an order for six units to supply power for a Norwegian oil production platform located in the North Sea.

- General Electric's new T700 helicopter engine won a clean sweep in competitions for use on new Army helicopters now under development.

- The GE-powered B-1 continued its flight test program successfully, and the U.S. Navy received Congressional backing to proceed with development and testing of the F-18 twin-engined fighter. The Navy plans production of 800 of these GE-powered planes.



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**Business environment:
Time to reverse the decline in U.S.
technological leadership**

The United States' economic preeminence in the world has had as one of its main bases the nation's leadership in technology. The principal reason why many nations seek U.S. gas turbines, nuclear power systems and jet engines is simply that they are the world's best. The future economic health of the U.S. depends on a vigorous research and development effort and the product leadership that flows from it.

But many GE scientists and engineers share the deep concern of the technical community that the U.S. technological lead is eroding. Other industrial nations have learned the lesson the U.S. has tended to forget: that international competitiveness depends on technological innovation and industrial know-how.

A recent Department of Commerce study points out that "the United States is perhaps the only advanced nation in the free world which has not undertaken national programs to stimulate technology development in the civilian sector." The study also notes that other governments not only fund industrial research but also provide tax incentives, interest-free loans and grants to stimulate the development and worldwide marketing of innovative products.

American industry has indicated its awareness of these problems by increasing its own funding of R&D.

Yet with all its enormous growth, the federal government has slackened its participation in this critical area. Government-funded R&D in the U.S. has declined from 1.9% of the GNP in 1965 to only 1.2% in 1974. In real dollars, this has meant a 16% decrease over the past decade, substantially weakening the creative government/industry/university partnership of the 1950s and '60s.

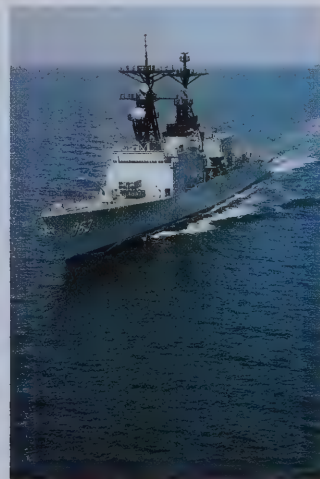
Meanwhile, such major international competitors as Japan and West Germany have significantly increased their R&D over the past decade in terms of real effort, percentage of GNP spent on R&D, and government support of this work.

In short, GE managers believe that:

- Revitalization of civilian research and development merits incentives not unlike those recommended for improving capital formation in the U.S.;
- Stimulation of R&D offers the opportunity for a redirection of government spending toward more productive ends;
- Greater industry-government cooperation is needed most in those high-technology sectors where the scale and uncertainty of development costs, and the long time-cycles required before these costs can be recovered, make it difficult for individual companies alone to finance the essential R&D.

The creative national teamwork that waned after putting men on the moon needs urgently to be rekindled and re-directed toward strengthening the U.S. in productivity, innovation and international competitiveness.

General Electric's aerospace technology contributes to quality-of-life projects as well as to defense. Shown below: (1) new 747 powered by GE jet engines also has extensive GE instrumentation; (2) Controlled Environment Agriculture project applying General Electric lighting and other technologies to multiply crop yields; (3) modular housing factory in Iran using GE space-derived techniques; (4) GE-devised solar heating system in test installation at Valley Forge, Pa., facility; (5) GE-powered planes at Bangkok airport including DC-10s and new A 300 Airbus; (6) new U.S. destroyer powered by GE aircraft-type gas turbines; and (7) new CFM56 engine being developed jointly by General Electric and French manufacturer SNECMA.



International: Operations build sales despite worldwide recession

General Electric continued in 1975 to strengthen its position as an international enterprise. Sales by the Company's international operations were better than last year's, even in the face of worldwide recession. But earnings were down principally because of lower export margins and losses on certain installation contracts. The International category contributed 24% of GE's total sales and 23% of earnings.

The bulk of General Electric's export sales continues to derive from high-technology products such as aircraft engines, gas turbines, steam turbines, transportation systems and nuclear steam supply systems. Total export sales from the U.S. to external customers were \$1.6 billion in 1975, compared with \$1.5 billion in 1974.

While the rate of growth in export sales slowed in 1975 after a decade in which sales increased about 19% annually, the longer-term outlook is for continued growth in export-related business. In addition to serving established overseas customers, the Company is pursuing new opportunities opened up as rising oil and

(In millions)

	1975	1974	1973	1972	1971
Sales	\$3,745	\$3,218	\$2,318	\$1,830	\$1,584
Net earnings	158	174	139	98	81

This category includes exports from the U.S. to customers worldwide and the operations of diversified affiliates in such countries as Canada, Italy, Brazil, Spain, Mexico and Australia. Operations of non-diversified foreign affiliates are included in their appropriate categories. Certain information for affiliates having foreign operations is shown on page 37.

commodity prices have shifted wealth to countries with particular needs for General Electric's high-technology systems, equipment and services.

Growth for the international business is also enhanced by the Company's diversified foreign affiliates, which manufacture products generally for sale in their home markets. In 1975 these affiliates achieved a growth in sales exceeding the 12% annual average increase they have realized since 1964.

Canadian General Electric Company Limited, with 1975 sales of \$822 million in Canadian dollars, is the largest GE consolidated affiliate and Canada's leading diversified electrical manufacturer. CGE improved its sales and earnings for the fifth consecutive year. The earnings increase for 1975 included proceeds from the sale of the heavy-water plant operated in support of Canada's nuclear energy program. With Canadian economic cycles tending to lag those of the U.S., orders received by Canadian General Electric were lower in 1975 than 1974. CGE's technological leadership in the design and manufacture of hy-

draulic turbines continues to be an area of strength.

Principal Latin American affiliates in Brazil, Venezuela and Mexico reported higher sales in 1975, while the strong earnings gains in Venezuela and Mexico were partially offset by a slight earnings decline in Brazil. The Brazilian affiliate expanded its business as a supplier of locomotives by increasing its locomotive manufacturing capacity by one-third.

Sales and earnings of most European affiliates were improved in 1975 from 1974. Virtually all of the Company's affiliates in the Far East reported increased sales in 1975, although earnings were generally lower because of unsettled economic conditions.

Europe continued to be GE's largest export market, with deliveries of gas turbines for pipeline pumping sharply boosting sales to the USSR.

Products and technologies contributing to modernization and industrial development programs in the Middle East and North Africa have kept GE sales in these areas growing at a rate of nearly 50% a year for the past five years.



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Business environment:
New role as "trader nation" requires changes in U.S. attitudes, policies

Progress toward a sound international economic policy for the United States has been slowed by a lag in public understanding. Oriented toward this continent's vast internal market, the U.S. people do not think of themselves as a trader nation, and many do not realize the importance of world trade to the U.S. economy:

- Exports in 1974 totaled about 10% of the U.S. gross national product, up from 6% just three years earlier;
- Even higher is the percent of manufacturing output exported — totaling 14%;
- The country's international trade sector outgrew the GNP by more than 3 times in the 1971-74 period.

U.S. growth in international markets has been achieved despite widespread negative attitudes among the U.S. public. As one particularly serious obstacle, there is the mistaken belief that international trade reduces U.S. employment by "exporting jobs." This belief is bolstered by the high visibility of jobs lost when imports drive U.S.-produced goods out of the market. What is not so visible is the far greater number of U.S. jobs created and sustained by exports to other countries.

General Electric economists have computed the net effect on U.S. manufacturing jobs directly or indirectly attributable to imports and exports in 1974.

They estimated that while imports adversely affected U.S. employment by 2.8 million jobs, exports generated 8.5 million U.S. jobs. The net gain — the job contribution of being a successful trader nation — was 5.7 million jobs.

Further, exports took up some of the slack caused by declining domestic sales. Had it not been for exports, unemployment during the recession would have increased by 750,000 jobs.

Lack of public understanding of these facts has allowed modern-day isolationists to project a highly distorted picture of those U.S. companies — the so-called "multinationals" — that operate on a worldwide scale and provide the channels through which most U.S. export business moves. Congress is being pressured to repeal the few export-expanding programs the U.S. provides industry — programs such as DISC, or Domestic International Sales Corporations — that partially offset the tax advantages other countries give their exporters.

The U.S. needs to move toward a positive and supportive international economic policy that will continue to expand exports and to keep U.S. industry competitive in world markets.

Efforts to build public understanding of this need serve a larger purpose than providing a better climate for business. U.S. international firms are crucial to the continued health of the U.S. economy and are a major force for peace and progress abroad.



Operations Committee

Challenging areas reviewed with the Operations Committee of the Board of Directors during 1975 included activities of the Aircraft Engine Group, the Housewares and Audio Division, and GE's Corporate Advertising. The committee also joined with the Audit and Finance Committee to review the Company's 1974 Annual Report and 1975 Proxy Statement.

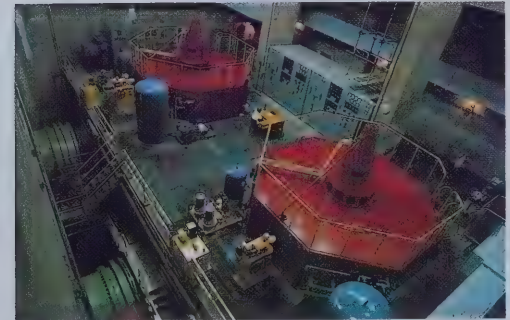
Rather than concerning itself with the day-to-day management of the business, the committee seeks to provide a larger perspective by making its members' diverse backgrounds and experience available to the Company in ways that benefit both management and share owners.

Shown with J. Paul Austin (left), chairman of the committee, are committee members Henry L. Hillman, Charles D. Dickey, Jr., and Walter D. Dance, vice chairman. Other members are: James G. Boswell II, Reginald H. Jones, John E. Lawrence, Ralph Lazarus, Jack S. Parker and Herman L. Weiss.

The varied ways in which GE international operations aid in the development of nations include: (1) power for shipping, illustrated by new container ship with GE propulsion system; (2) reliable power generation equipment, including massive generator being shipped out of New York harbor; (3) industrial know-how, as applied by Italian affiliate producing industrial components; (4) transportation, such as the diesel-electric locomotives supplied to Sudan; (5) large production capacity, as represented by heavy machinery at Canadian General Electric facility; and (6) technology transfer, typified by hydroelectric generators produced at GE-Brazil plant.



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Research and development



Technology and Science Committee

The Board of Directors' Technology and Science Committee sought to assure itself that GE resources are being allocated to those technological areas of development which promise the greatest potential benefits for society and the most significant progress for the Company.

The committee reviewed technological work being done by the Lamp Division and strongly endorsed the Division's newly-developed light sources aimed at obtaining more light with less energy. The committee also reviewed the advanced technology of the Medical Systems Division, with specific attention to progress in tomography and other new tools for medical services.

Shown with Frederick L. Hovde (left), committee chairman, are committee members Silas S. Cathcart, Gilbert H. Scribner, Jr., and Herman L. Weiss, vice chairman. Other members are: Charles D. Dickey, Jr., Edmund W. Littlefield and Jack S. Parker. Ex officio members are Walter D. Dance and Reginald H. Jones.

While reducing expenditures in many areas in 1975, General Electric recognized the importance of research to the Company's future by increasing the funds for corporate research and development. The increased funding enabled the Research and Development Center to maintain the level of its projects despite inflationary cost increases.

In addition to the Center, which serves the Company as a whole, General Electric continued to conduct development work in more than 100 laboratory activities associated with operations.

Overall, GE expenditures for R&D in 1975 were \$938 million, of which \$357 million was Company-funded and \$581 million was performed under contract, primarily for the U.S. government.

The Company's R & D projects in 1975 covered the spectrum of scientific and engineering disciplines important to GE businesses, with energy projects continuing to receive emphasis. Under development at the R & D Center, for example, is a water-cooled gas turbine designed to operate at temperatures 1,000 degrees F. higher than turbines now in use. The unit will burn lower-grade fuels than those required by present gas turbines, and in a STAG (steam and gas) cycle may become the most efficient power generation system for the 1990s. Development work on this ultra-high-temperature turbine is sponsored in part by the Electric

Power Research Institute.

Development of the purest material on earth — crystals of ultra-pure germanium — is leading to greatly improved x-ray, gamma ray and cosmic ray detectors for applications in nuclear medicine, radiation detection and research.

A geostationary space satellite system that revolutionizes the way ships communicate with the shore and fix their positions has been successfully tested with an Exxon Corporation tanker.

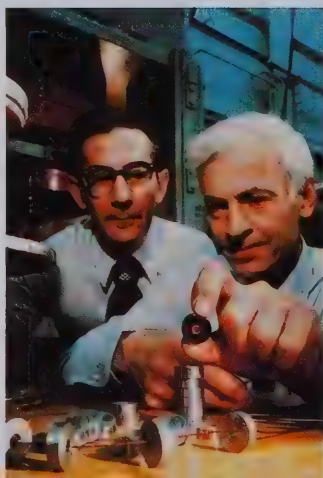
A new potential for cleaning up oil spills was provided in 1975 by a laboratory-developed strain of bacteria capable of digesting many of the hydrocarbons found in such spills. Techniques used to design microbes with desired characteristics may also have long-range beneficial effects on food production and industrial processing.

A new GE-developed compound, TTB flame retardant, has been effective in making thermoplastic resins more resistant to high temperatures and flame, promising to meet the need for more flame-retardant plastics.

A new GE computerized tomography scanner system for total body examinations measures the density of body sections, processes the data and converts it into cross-sectional TV images for diagnostic evaluation. The images can be photographed or stored on video disc for recall by the physician.



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GE people in '75



Public Issues Committee

Highlighting one of the 1975 meetings of this Board committee was a report on — and analysis of — the Company's new Constituent Relationship Program, which establishes two-way communication between Company managers and members of Congress to provide legislators with facts that will enable them to achieve a better perspective on major issues affecting business.

The committee continued to evaluate GE's equal employment opportunity programs and the level of commitments and contributions to be recommended to the Board for support of educational, charitable and business organizations.

Shown with Gilbert W. Humphrey (left), chairman of the committee, are Jack S. Parker, vice chairman, and committee members James G. Boswell II and Samuel R. Pierce, Jr. Other committee members are: Thomas S. Gates, Henry H. Henley, Jr., Henry L. Hillman, Frederick L. Hovde and Herman L. Weiss. Ex officio members are Walter D. Dance and Reginald H. Jones.

GE domestic employment averaged 274,000 in 1975, compared with 307,000 for 1974. The 11% reduction reflected the impact of the economic slowdown.

Despite the reduced employment, the Company's equal opportunity employment record continued to improve in categories representing upward mobility. Analysis of overall domestic employment for the year ending September 30, 1975 showed that while total employment by General Electric and the General Electric Credit Corporation dropped 14.5%, the number of women managers increased 11.4%, from 622 to 693, and women professionals increased 4.1%, from 2,492 to 2,594.

Minority managers increased by 7%, from 804 to 860. Minority professionals increased from 2,130 to 2,144.

While minority representation in the lower-skill categories was down somewhat because of contractual seniority requirements applied to those on layoff, minorities represented 17% and women 43% of such jobs. Overall, minorities account for 10% of GE employment and women 26%.

General Electric continued its support of national efforts to increase the number of minority students enrolled in the nation's engineering schools. Enrollments in 1975 were up 25% over the previous year. To emphasize technical career opportunities for minorities, GE

people at the local level have initiated some 80 programs in 38 plant communities involving contacts with thousands of minority secondary school and college students. Minority college engineering students comprise about one-third of those on GE co-op assignments and over half of those employed by the Company during the summer.

Grants totaling \$3.5 million were made in 1975 to over 800 educational institutions by the General Electric Foundation. The Foundation continued its substantial support of minority education and equal opportunity programs.

Wages and benefits for General Electric employees were improved in 1975, including cost-of-living increases for hourly and graded salaried workers totaling 28 cents per hour. The major contracts covering most hourly employees expire June 27, 1976. The Company is already working toward the constructive negotiation of new contracts.

General Electric continued its efforts to conserve fuels used by Company operations. Cumulative energy savings of 22.5% have been achieved since the 1973 base period.

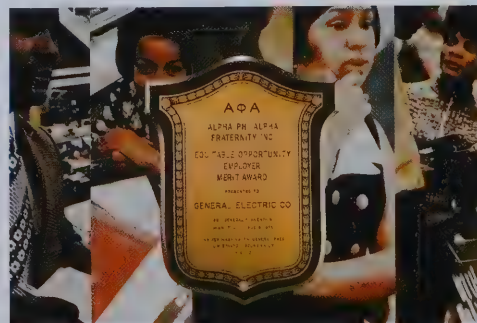
Strong emphasis was placed on GE programs to assure compliance with federal, state and local environmental and pollution abatement requirements, as well as with the regulations of the Occupational Safety and Health Act.

Developments that strengthen GE businesses continued to flow from GE research and development in 1975. Examples: (1) computerized tomography x-ray system which makes a 360° scan in just 4.8 seconds; (2) new diamond die, using GE Man-Made® diamonds in drawing copper wire — a major advance in wire-drawing technology; and (3) new fluidized-bed heat-exchanger technology, which may boost efficiency of electric power plants.

Recognition of GE's continuing commitment to equal employment opportunity was indicated in 1975 by the selection of Marion S. Kellogg (4), Vice President-Corporate Consulting Services, for the cover of a *Business Week* issue featuring a story on "The Corporate Woman," and by the Equitable Opportunity Employer merit award (5), presented to GE by Alpha Phi Alpha, the nation's oldest and largest black fraternity.



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Board of Directors



Management Development and Compensation Committee

In its 1975 meetings, the Board's Management Development and Compensation Committee, which does not include any employees of General Electric, continued to supply an independent source of judgment on the quality of the Company's management, GE programs for executive manpower development and selection, and the performance of the Company's key executives.

The committee conducted its annual review of the Company's system for identifying, advancing and motivating highly talented and promotable managers, and of the salary structures, incentive and stock option plans and other benefits that apply to the management group.

Through its review and appraisal procedures, the committee again sought to assure sound and successful leadership for General Electric, both now and in the future.

Shown with Ralph Lazarus (right), committee chairman, are Edmund W. Littlefield (left) and Walter B. Wriston. Other committee members are J. Paul Austin and Gilbert W. Humphrey.

Board membership in 1975 was reduced to 19, upon the retirement of Dean A. McGee, who had served as a Director for 13 years.

Members of the Board are listed below in the order of their seniority on the Board, with the year they were first elected to the Board shown in parentheses. Only four of the Directors are members of General Electric management. The other 15 are from outside the Company, having earned positions of leadership in business, finance, education, law and public service.

Gilbert W. Humphrey

Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (1955)

Frederick L. Hovde

President Emeritus, Purdue University, Lafayette, Indiana. (1956)

John E. Lawrence

President, James Lawrence & Co., Inc., cotton merchants, Boston, Massachusetts. (1957)

Walter B. Wriston

Chairman and Director, Citicorp, banking and financial services, New York, New York. (1962)

Ralph Lazarus

Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (1962)

Gilbert H. Scribner, Jr.

President and Director, Scribner & Co., real estate and insurance, Chicago, Illinois. (1962)

Edmund W. Littlefield

Chairman of the Board and Director, Utah International Inc., mining and ocean shipping, San Francisco, California. (1964)

J. Paul Austin

Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Georgia. (1964)

Thomas S. Gates

Director of and Advisor to Morgan Guaranty Trust Company of New York, New York. (1964)

Jack S. Parker

Vice Chairman of the Board and Executive Officer, General Electric Company, Fairfield, Connecticut. (1968)

Herman L. Weiss

Vice Chairman of the Board and Executive Officer, General Electric Company, Fairfield, Connecticut. (1968)

Walter D. Dance

Vice Chairman of the Board and Executive Officer, General Electric Company, Fairfield, Connecticut. (1971)

Reginald H. Jones

Chairman of the Board and Chief Executive Officer, General Electric Company, Fairfield, Connecticut. (1971)

James G. Boswell II

President, J. G. Boswell Company, farming and related businesses, Los Angeles, California. (1971)

Charles D. Dickey, Jr.

Chairman, President and Director, Scott Paper Company, Philadelphia, Pennsylvania. (1972)

Henry L. Hillman

President and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pennsylvania. (1972)

Silas S. Cathcart

Chairman and Director, Illinois Tool Works Inc., diversified products, Chicago, Illinois. (1972)

Henry H. Henley, Jr.

President and Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, New York. (1972)

Samuel R. Pierce, Jr.

Partner, Battle, Fowler, Lidstone, Jaffin, Pierce and Kheel, law firm, New York, New York. (1974)

S. Sloan Colt

It is with deep regret that the Board notes the death of a former long-service Director. Mr. Colt, who served as a Director from 1940 to 1964, died on May 2, 1975, at the age of 82. He was formerly Chairman of the Board, Bankers Trust Company, New York, New York.

Management

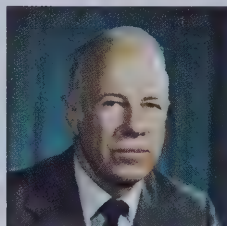
Seasoned managerial leadership for General Electric is provided by the 95 executives presented on this and the following two pages. The average age of the managers listed is 54 years, and their years of service with General

Electric average 28 years.

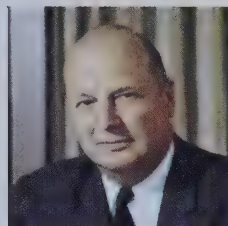
Leadership for the future is the objective of the GE Management Development Institute which, in 1975, provided several thousand GE employees with managerial and professional learning opportunities.

Members of the Corporate Policy Committee

Making up this committee are the Chairman and the eight officers pictured here.



Walter D. Dance
Vice Chairman of the Board
and Executive Officer



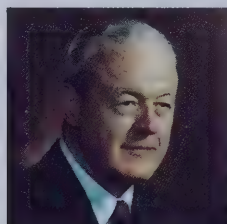
Jack S. Parker
Vice Chairman of the Board
and Executive Officer



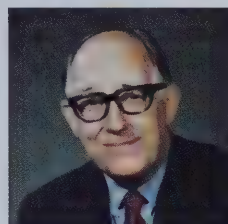
Herman L. Weiss
Vice Chairman of the Board
and Executive Officer



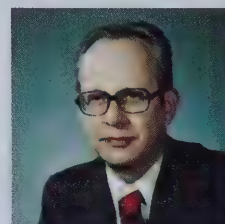
Hersher Cross
Senior Vice President
Corporate Administrative
Staff



Oscar L. Dunn
Senior Vice President
Corporate Development



Charles E. Reed
Senior Vice President
Corporate Strategic
Planning and Studies

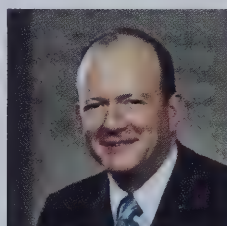


Walter A. Schlotterbeck
Vice President,
General Counsel and
Secretary

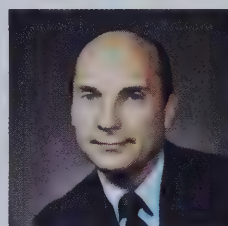


Alva O. Way
Vice President
Finance

Vice Presidents and Group Executives



John F. Burlingame
International and
Canadian



Robert R. Frederick
Consumer Products



Stanley C. Gault
Major Appliance



Edward E. Hood, Jr.
Power Generation



Robert B. Kurtz
Industrial and Power
Delivery



Mark Morton
Aerospace



Gerhard Neumann
Aircraft Engine



Thomas A. Vanderslice
Special Systems and
Products



John F. Welch, Jr.
Components and Materials

Corporate Policy Committee

Reginald H. Jones
Chairman of the Board
and Chief Executive
Officer

Hershner Cross
Senior Vice President
Corporate Administrative
Staff

Walter D. Dance
Vice Chairman of the
Board and Executive
Officer

Oscar L. Dunn
Senior Vice President
Corporate Development

Jack S. Parker
Vice Chairman of the
Board and Executive
Officer

Charles E. Reed
Senior Vice President
Corporate Strategic
Planning and Studies

Herman L. Weiss
Vice Chairman of the
Board and Executive
Officer

Walter A. Schlotterbeck
Vice President, General
Counsel and Secretary

Vice Presidents and Group Executives

John F. Burlingame
VP and Group Executive
International & Canadian
Group

Robert R. Frederick
VP and Group Executive
Consumer Products
Group

Stanley C. Gault
VP and Group Executive
Major Appliance Group

Edward E. Hood, Jr.
VP and Group Executive
Power Generation Group

Corporate Staff Officers

Arthur M. Bueche
VP—Research and
Development

Robert W. Lewis
VP—Corporate Operating
Services

Cecil S. Semple
VP—Corporate Customer
Relations

L. Berkley Davis
VP—Washington
Corporate Office

Leonard C. Maier, Jr.
VP—Corporate Employee
Relations

Steven C. Van Voorhis
VP—Northeastern
Regional Relations

Lester W. Dettman
VP—East Central
Regional Relations

Edward H. Malone
VP—Trust Operations

Russell E. Whitmyer
VP and Treasurer

Thomas K. Edenfield
VP—Southeastern
Regional Relations

Maurice H. Mayo
VP and Comptroller

James F. Young
VP and Staff Executive
Technical Resources

Operating Groups

International & Canadian

Kristian H. Christiansen
VP and General Manager
International Sales
Division

Willis E. Forsyth
VP and General Manager
Latin America Division

Richard W. Foxen
VP and General Manager
Europe Division

J. Russell Mudge
VP and General Manager
Far East Division

Edward F. Roache
General Manager
International Business
Support Division

Walter G. Ward
Chairman of the Board
and Chief Executive
Officer
Canadian General
Electric Company Limited
(an affiliate of
General Electric)

Alton S. Cartwright
President
Canadian General
Electric Company
Limited

Consumer Products

John S. Chamberlin
VP and General Manager
Housewares and Audio
Division

Robert V. Corning
VP and General Manager
Lamp Division

John W. Stanger
President and
General Manager
General Electric
Credit Corporation
(an affiliate of
General Electric)

Major Appliance

Arthur E. Andres
VP and General Manager
Contract Sales Division

William B. Clemmens
VP and General Manager
Retail Sales Division

Richard O. Donegan
VP and General Manager
Major Appliance
Product Management
Division

Joseph H. Gauss
VP and General Manager
Air Conditioning Division

Irving L. Griffin
VP and General Manager
Major Appliance
Sales and Distribution
Operations

Donald W. Lynch
VP and General Manager
Major Appliance
Engineering Division

Van W. Williams
VP and General Manager
Major Appliance
Manufacturing Division

Power Generation

Roy H. Beaton
VP and General Manager
Nuclear Energy Systems
Division

Donald C. Berkey
General Manager
Energy Systems and
Technology Division

Herman R. Hill
VP and General Manager
Turbine Operations

Arthur E. Peltosalo
VP and General Manager
Power Systems Sales
Operations

George J. Stathakis
VP and General Manager
Nuclear Energy
Programs Division

William R. Tackaberry
VP—Power Systems
Field Sales

Charles C. Thomas
General Manager
Installation and Service
Engineering Division

John A. Urquhart
VP and General Manager
Gas Turbine Division

Edward C. Clark
Deputy Division
General Manager
Industrial and Marine
Steam Turbine
Operations

Alva O. Way
Vice President
Finance

Robert B. Kurtz
VP and Group Executive
Industrial & Power
Delivery Group

Mark Morton
VP and Group Executive
Aerospace Group

Gerhard Neumann
VP and Group Executive
Aircraft Engine Group

Thomas A. Vanderslice
VP and Group Executive
Special Systems &
Products Group

John F. Welch, Jr.
VP and Group Executive
Components & Materials
Group

William B. Frogue
VP—Southwestern
Regional Relations

Roy L. Johnson
VP and Consultant to the
Chairman of the Board

Marion S. Kellogg
VP—Corporate
Consulting Services

Harry M. Lawson
VP—Western Regional
Relations

Theodore P. LeVino
VP and Staff Executive
Executive Manpower

John B. McKitterick
VP and Staff Executive
Environmental Analysis

Charles J. Meloun
VP—Central Regional
Relations

Douglas S. Moore
VP—Corporate Public
Relations

Phillips S. Peter
VP and Staff Executive
Corporate Business
Development

Donald D. Scarff
VP—Atlantic Regional
Relations

Industrial & Power Delivery

James P. Curley
VP and General Manager
Contractor Equipment
Division

Ralph B. Glotzbach
VP and General Manager
Apparatus Distribution
Sales Division

Richard W. Kinnard
VP and General Manager
Switchgear and
Distribution Transformer
Division

Donald E. Perry
VP and General Manager
Industrial Sales Division

Bruce O. Roberts
VP and General Manager
Large Transformer
Division

Robert J. Rodwell
VP and General Manager
Motors and Drives
Division

Peter C. Van Dyck
VP and General Manager
Apparatus Service
Division

Aerospace

David Cochran
VP—Aerospace
Government and
Industry Activities

Daniel J. Fink
VP and General Manager
Space Division

Charles W. George
VP and General Manager
Aircraft Equipment
Division

Otto Klima
VP and General Manager
Re-entry & Environmental
Systems Division

Thomas I. Paganelli
VP and General Manager
Electronic Systems
Division

Aircraft Engine

Robert H. Goldsmith
VP and General Manager
Commercial Engine
Division

Raymond F. Letts
VP and General Manager
Group Manufacturing
Division

Fred O. MacFee, Jr.
VP—Group Strategic
Planning Operation

Brian H. Rowe
VP and General Manager
Airline Programs Division

Edward Woll
VP and General Manager
Group Engineering
Division

James E. Worsham
VP and General Manager
Military Engine
Division

Special Systems & Products

George J. Feeney
VP and General Manager
Information Services
Division

Richard P. Gifford
VP—Communication
Projects

Christopher T. Kastner
VP and General Manager
Communication Systems
Division

Erwin M. Koeritz
VP and General Manager
Construction Materials
Division

Kertis P. Kuhlman
VP and General Manager
General Electric Supply
Company Division

Carl J. Schlemmer
VP and General Manager
Transportation Systems
Division

Components & Materials

Charles R. Carson
VP and General Manager
Chemical and
Metallurgical Division

Donald E. Debacher
VP and General Manager
Plastics Division

George B. Farnsworth
VP and General Manager
Electronic Components
Division

Fred H. Holt
VP and General Manager
Appliance Components
Division

Walter L. Robb
VP and General Manager
Medical Systems Division

1975 Financial comments



Audit and Finance Committee

Meetings of this committee during 1975 featured reviews of the Company's financial condition, including borrowings, changes in cash and marketable securities, receivable and inventory balances, and plant and equipment expenditures. In February of 1975 a joint meeting with the Operations Committee reviewed the 1974 Annual Report and the 1975 Proxy Statement. Then, with no General Electric members of the Board present, the committee met with representatives of the independent public accountants with respect to their audit of the Company's accounts and records. Shown with John E. Lawrence, committee chairman (standing), are committee members Thomas S. Gates, Reginald H. Jones, committee vice chairman, and Henry H. Henley, Jr. Other members are: Silas S. Cathcart, Samuel R. Pierce, Jr., Gilbert H. Scribner, Jr., Herman L. Weiss and Walter B. Wriston. Ex officio members are Walter D. Dance and Jack S. Parker.

The customary financial statements and notes begin on page 28. These two pages of financial comments are intended to supplement those statements and, in addition, to underscore certain of the issues discussed elsewhere in this Report as they affect the Company's operations.

Sources of revenues

Total 1975 revenues of \$13.6 billion consisted of \$13.4 billion resulting from the sale of products and services to customers, plus \$0.2 billion of income from other sources such as investments and payments by others for the use of GE-developed technologies. Products sold by the Company range from those for which the time from receipt of order to completion of sale is quite short to those which involve a considerable period in the order/manufacture/final shipment cycle.

Orders on hand for future sales

The backlog of orders on hand, many of them for products involving a long production cycle, was \$18.3 billion at the end of 1975, down 4% from the 1974 peak of \$19.1 billion. The chart below shows, for each of the last two years, the scheduled conversion of the orders backlog into sales during subsequent years.

Revenue uses

The ways in which the Company used

its revenue during the past two years are depicted below. Much of the Company's revenue each year is disbursed to settle current obligations and commitments. By far the largest uses of revenues are for payments to suppliers for materials and services (51% of the 1975 total), and compensation and benefits (35% of the 1975 total) either paid to employees currently or set aside for future payments such as pensions.

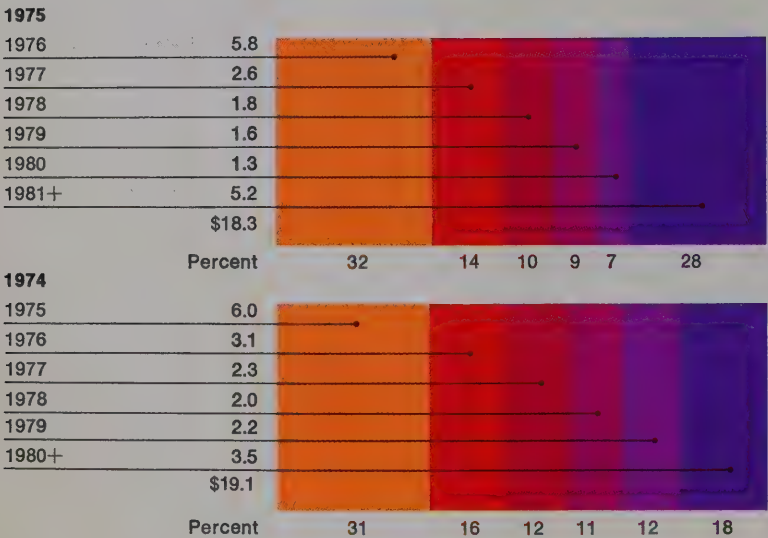
Taxes are another cost of doing business which must be covered by revenues. In 1975, taxes of all types — including those based on income, property, franchises, and the Company's contribution to employees' social security — were equivalent to 6% of total revenues.

The capital used by the Company in carrying on its business has been supplied by share owners and lenders, both of whom expect to be compensated for use of their funds. Interest and other financial charges amounted to \$169 million, or 1% of revenues. Dividends declared to share owners of \$293 million were 2% of revenue and equivalent to 7.5% of average share owners' equity.

Physical facilities are used for producing goods and services for a number of years after their acquisition. A portion of the cost of such facilities is assigned to each year's revenues to represent the part of their economic lives that

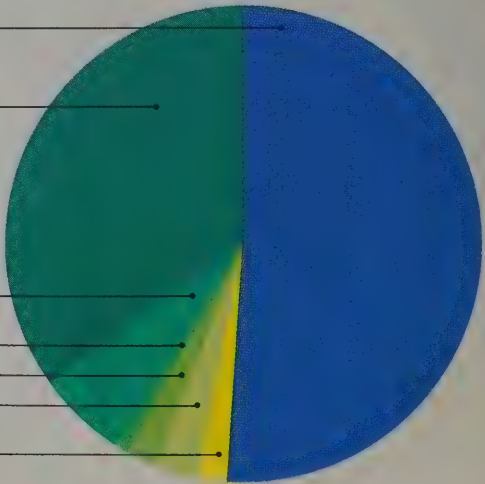
Scheduled realization of orders backlog after December 31

(Dollar amounts in billions)



Revenue uses 1975

Purchases from others	51%
Compensation to employees	35%
Taxes of all types	6%
Interest and other financial charges	1%
Dividends	2%
Depreciation	3%
Retained for future growth	2%



expired during the year. For this purpose, General Electric uses accelerated depreciation methods for most of its present plant and equipment. In 1975 depreciation amounted to 3% of revenue.

After provision for the costs discussed above, the remaining revenue is available for investing in the growth of the business or to cover those facility replacement costs which exceed amounts available from depreciation allowances. In 1975, 2% of revenue was retained for future use.

Reporting the effects of inflation

Persistent inflation in the U.S. economy has pointed up the need to develop improved methods of reporting financial results. Present-day accounting makes no differentiation between a dollar spent ten and even twenty years ago and one spent today — a practice that becomes increasingly untenable as inflation continues.

Accounting methods may obscure the amount of revenues necessary to provide replacement stocks. In many companies the resulting understatement of the costs of goods sold has produced so-called phantom inventory profits. However, the LIFO inventory method, which is used for about 81% of the General Electric inventory, minimizes inflationary effects by better matching of

current costs and revenues.

Under present accounting practices and tax rules, only total historical costs of facilities can be allocated to revenues as the assets are being used up. Consequently, when new equipment is acquired at prices increased by inflation, the allocated amounts will be insufficient to pay for replacements. If, in determining the cost of plant and equipment allocated to revenues in 1975, the Company had taken into account the effects of inflation, as measured by increases in the Gross National Product Implicit Price Deflator, depreciation would have been approximately \$140 million greater. So long as depreciation is limited by accounting practices and tax rules to original rather than replacement costs, the funds necessary to fill this cumulative gap when new equipment is acquired must come either from retained earnings or sources of new capital.

A need for improved accounting procedures for measuring earnings is seen by many, and a number of proposals are under consideration by various authorities throughout the world. However, until a new and improved system that will accommodate periods of substantial inflation is developed and generally agreed upon, financial reports must be read with care to avoid drawing conclusions that are incorrect in terms

of “real” earnings. Such conclusions have contributed to the anti-profits bias held by many today.

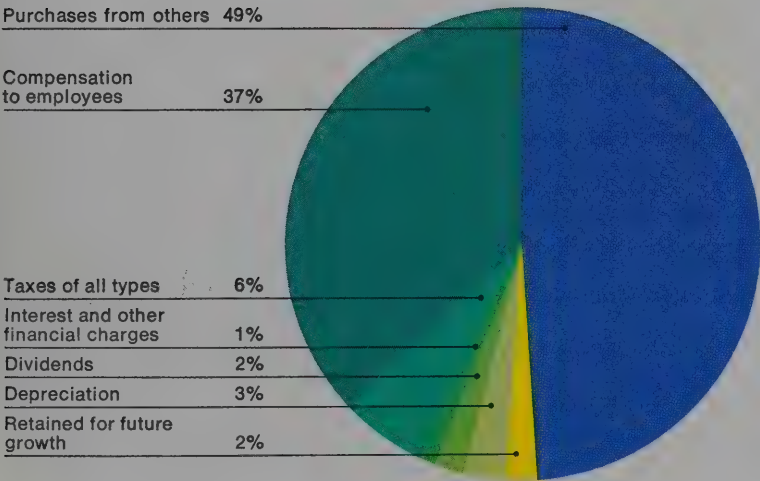
Cash flow

Although the sources of revenues and the accounting for their use describe the current operations of a business, the financial strength of the business is disclosed in its cash flows. During 1975, General Electric realized a positive cash flow from operations, after dividends, of \$687 million. In addition, inventories were reduced by \$142 million while other elements of working capital were kept at balances consistent with the requirements of the business. As a result of management's emphasis on cash control, total borrowings were reduced by \$152 million, and cash and marketable securities increased by \$481 million. However, as recovery from the recession progresses, more cash will be needed to expand the business.

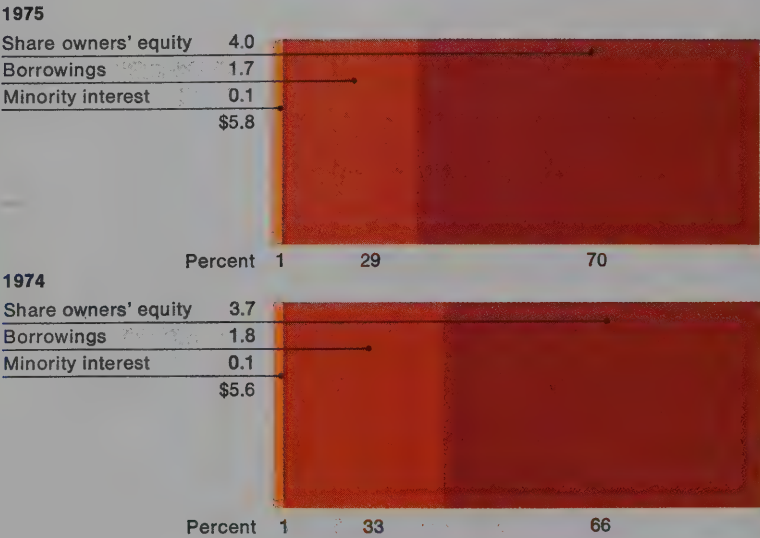
Capital structure

At the end of 1975 the total capital invested in General Electric was \$5,841 million, an increase of \$225 million from the \$5,616 million at year-end 1974. As depicted in the chart below, the share owners' equity portion increased to 70% of total invested capital at year-end 1975, compared with 66% a year earlier, again reflecting effective cash control.

Revenue uses
1974



Invested capital
(Dollar amounts in billions)



Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates

For the year (In millions)	1975	1974	Additional information
Sales of products and services to customers	\$13,399.1	\$13,413.1	(note 1)
Operating costs			(note 2)
Employee compensation, including benefits	5,041.8	5,223.0	(note 3)
Materials, supplies, services and other costs	6,749.0	6,966.7	(note 4)
Depreciation	418.6	376.2	
Taxes, except those on income	126.6	123.0	
Decrease (increase) in inventories during the year	142.1	(270.8)	
	<u>12,478.1</u>	<u>12,418.1</u>	
Operating margin	921.0	995.0	
Other income	197.5	185.8	(note 5)
Interest and other financial charges	(168.9)	(180.1)	(note 6)
Earnings before income taxes and minority interest	949.6	1,000.7	
Provision for income taxes	(358.0)	(382.4)	(note 7)
Minority interest in earnings of consolidated affiliates	(10.8)	(10.2)	
Net earnings applicable to common stock	580.8	608.1	
Dividends declared	(293.1)	(291.2)	
Amount added to retained earnings	287.7	316.9	
Retained earnings at January 1	<u>3,000.5</u>	<u>2,683.6</u>	
Retained earnings at December 31	<u>\$ 3,288.2</u>	<u>\$ 3,000.5</u>	
Earnings per common share (In dollars)	\$3.17	\$3.34	(note 8)
Dividends declared per common share (In dollars)	\$1.60	\$1.60	

The Summary of significant accounting policies on page 31 and the Notes to Financial Statements on pages 32-37 are an integral part of this statement.

Statement of Financial Position

General Electric Company and consolidated affiliates

December 31 (In millions)	1975	1974	Additional information
Assets			
Cash	\$ 752.9	\$ 314.5	(note 9)
Marketable securities	100.3	57.3	(note 9)
Current receivables	2,597.4	2,593.8	(note 10)
Inventories	2,114.9	2,257.0	(note 11)
Current assets	<u>5,565.5</u>	<u>5,222.6</u>	
Investments	1,050.1	1,004.8	(note 12)
Plant and equipment	2,562.4	2,615.6	(note 13)
Other assets	585.5	526.1	(note 14)
Total assets	<u>\$9,763.5</u>	<u>\$9,369.1</u>	
Liabilities and equity			
Short-term borrowings	\$ 650.3	\$ 644.9	(note 15)
Accounts payable	738.3	696.0	
Progress collections and price adjustments accrued	1,070.4	1,000.5	
Dividends payable	73.5	72.8	
Taxes accrued	329.3	337.2	
Other costs and expenses accrued	1,101.6	1,128.1	(note 16)
Current liabilities	<u>3,963.4</u>	<u>3,879.5</u>	
Long-term borrowings	1,038.2	1,195.2	(note 17)
Other liabilities	609.1	518.9	
Total liabilities	<u>5,610.7</u>	<u>5,593.6</u>	
Minority interest in equity of consolidated affiliates	<u>83.6</u>	<u>71.2</u>	
Preferred stock (\$1 par value; 2,000,000 shares authorized; none issued)	—	—	
Common stock (\$2.50 par value; 210,000,000 shares authorized; 187,720,384 shares issued 1975; 186,067,348 shares issued 1974)	469.3	465.2	
Amounts received for stock in excess of par value	482.7	414.5	
Retained earnings	<u>3,288.2</u>	<u>3,000.5</u>	
	4,240.2	3,880.2	
Deduct common stock held in treasury	(171.0)	(175.9)	
Total share owners' equity	<u>4,069.2</u>	<u>3,704.3</u>	(notes 18 and 19)
Total liabilities and equity	<u>\$9,763.5</u>	<u>\$9,369.1</u>	
Commitments and contingent liabilities			(note 20)

The Summary of significant accounting policies on page 31 and the Notes to Financial Statements on pages 32-37 are an integral part of this statement.

Statement of Changes in Financial Position

General Electric Company and consolidated affiliates

For the year (In millions)	1975	1974
Source of funds		
From operations		
Net earnings.....	\$ 580.8	\$ 608.1
Less earnings retained by nonconsolidated finance affiliates	(10.4)	(9.0)
Depreciation.....	418.6	376.2
Income tax timing differences.....	(9.0)	26.0
	<u>980.0</u>	<u>1,001.3</u>
Major domestic long-term borrowings.....	—	300.0
Overseas Capital Corporation long-term borrowings.....	22.9	8.1
Increases in other long-term borrowings — net	—	13.9
Newly issued common stock.....	75.4	21.5
Decrease in inventories.....	142.1	—
Increase in current payables other than short-term borrowings.....	78.5	407.4
Other — net.....	147.3	147.4
Total source of funds	<u>1,446.2</u>	<u>1,899.6</u>
Application of funds		
Plant and equipment additions.....	448.2	671.8
Dividends declared.....	293.1	291.2
Investments.....	45.3	135.1
Reduction in major domestic long-term borrowings.....	122.2	17.0
Reduction in Overseas Capital Corporation long-term borrowings.....	50.5	27.0
Decrease in other long-term borrowings — net	7.3	—
Increase in current receivables.....	3.6	416.7
Increase in inventories.....	—	270.8
Total application of funds	<u>970.2</u>	<u>1,829.6</u>
Net increase in cash, marketable securities, and short-term borrowings	<u>\$ 476.0</u>	<u>\$ 70.0</u>
Analysis of net increase in cash, marketable securities, and short-term borrowings		
Increase in cash and marketable securities.....	\$ 481.4	\$ 49.7
Decrease (increase) in short-term borrowings.....	(5.4)	20.3
	<u>\$ 476.0</u>	<u>\$ 70.0</u>

The Summary of significant accounting policies on page 31 and the Notes to Financial Statements on pages 32-37 are an integral part of this statement.

Summary of significant accounting policies

The most significant of the accounting policies followed by General Electric are described below to help users of these Financial Statements understand and evaluate them.

Basis of consolidation

The Financial Statements consolidate the accounts of the parent General Electric Company and those of all majority-owned companies, except finance companies because their operations are not similar to those of the consolidated group. All significant items relating to transactions between the parent and affiliated companies are eliminated from the consolidated statements.

The nonconsolidated finance companies are included in the Statement of Financial Position under Investments and are valued at equity plus advances. Companies in which General Electric and/or its consolidated affiliates own 20% to 50% of the voting stock ("associated companies") are also included under Investments and are valued at the appropriate share of equity plus advances. After-tax earnings of nonconsolidated finance companies and associated companies are included in the Statement of Current and Retained Earnings under Other income.

Sales

The Company and its consolidated affiliates record a transaction as a sale only when title to products passes to the customer or when services are performed in accordance with contract terms.

Pensions

Investments of the General Electric Pension Trust, which funds the obligations of the General Electric Pension Plan, are carried at amortized cost plus programmed appreciation in the common stock portfolio. Recognition of programmed appreciation is carried out on a systematic basis which does not give undue weight to short-term market fluctuations. This recognition of programmed appreciation is limited by a

maximum ratio, calculated on a moving basis, of book to market values over a multiyear period.

The funding program for the Pension Trust uses 6% as the estimated rate of future income. This rate includes systematic recognition of appreciation in the common stock portfolio.

Unfunded liabilities of the Trust are being amortized over a 20-year period.

Costs of a separate, supplementary pension plan, primarily affecting long-service professional and managerial employees, are not funded. Current service costs and amortization of past service costs over a period of 20 years are being charged to Company operating costs currently.

Vacation expense

Most employees earn credits during the current year for vacations to be taken in the following year. The expense for this liability is accrued during the year vacations are earned rather than being recorded in the year vacations are taken.

Translating foreign currency into dollars

Gains and losses produced by translating foreign currencies into U.S. dollars are included in other costs in current-year operating costs. Assets and liabilities of foreign affiliates, except for plant and equipment and accumulated depreciation, are translated into U.S. dollars at year-end exchange rates. Plant and equipment, depreciation expense and accumulated depreciation are translated at rates in effect when the assets were acquired. Income and expense items other than depreciation are translated at average rates prevailing during the year. Modifications of the Company's foreign currency translation practices to comply with Financial Accounting Standards Board Statement No. 8 effective January 1, 1976 are not expected to have a significant effect on the Company's operating results.

Investment tax credit

The investment tax credit is recorded by

the "deferral method." Under this method the credit is amortized as a reduction of the provision for taxes over the lives of the facilities to which the credit applies, rather than being "flowed through" to income in the year the asset is acquired.

Inventories

Substantially all inventories located in the United States are valued on a last-in first-out, or "LIFO" basis. Inventories outside the United States are generally valued on a first-in first-out, or "FIFO" basis. Valuations are based on the cost of material, direct labor and manufacturing overhead and do not exceed net realizable values. Some elements of manufacturing overhead formerly charged directly to operations were reflected in the cost of inventories as of January 1, 1975 to comply with new U.S. federal income tax regulations. Because these additional inventory costs were largely offset by related increases in the LIFO revaluation adjustment, the change in procedure had no material effect on net inventory balances or operating results. Certain other indirect manufacturing expenses are charged directly to operating costs during the period incurred rather than being inventoried.

Plant and equipment

Plant and equipment includes the original cost of land, buildings and equipment less depreciation, which is the estimated cost consumed by wear and obsolescence. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to record depreciation of the original cost of plant and equipment purchased and installed in the United States subsequent to 1960. Acquisitions prior to 1961, and most plant and equipment located outside the United States, are depreciated on a straight-line basis. If plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided.

Notes to Financial Statements

1. Sales

Approximately one-seventh of sales in 1975 and 1974 were to agencies of the U.S. government, which is the Company's largest single customer.

2. Operating costs

Operating costs as classified for reporting to the Securities and Exchange Commission are as follows:

(In millions)	1975	1974
Cost of goods sold	\$10,195.3	\$10,137.6
Selling, general and administrative expenses	2,282.8	2,280.5
	<u>\$12,478.1</u>	<u>\$12,418.1</u>

Supplemental details are as follows:

(In millions)	1975	1974
Company-funded research and development	\$357.1	\$351.9
Maintenance and repairs	342.0	318.7
Social security taxes	264.8	254.6
Advertising	143.8	161.0
Rent	117.9	100.4

3. Employee benefits

General Electric and its affiliates have a number of pension plans, the total Company cost of which was \$189.6 million in 1975 and \$167.8 million in 1974. Most significant of these plans is the General Electric Pension Plan, in which substantially all employees in the U.S. who have completed one year of Company service are participating. Conformance with the requirements of the Employee Retirement Income Security Act of 1974 is not expected to result in a material increase in the Company's pension costs. Obligations of the Pension Plan are funded through the GE Pension Trust.

The limit described under Pensions on page 31 for recognizing programmed appreciation in the common stock portfolio was not exceeded at year-end 1975 or 1974.

Earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio, were 6.6% for 1975 and 6.7% for 1974.

Unfunded liabilities of the Trust were estimated to be \$581 million at December 31, 1975, compared with \$458 million at the end of 1974, the increase resulting primarily from amendments to the Plan which became effective January 1, 1975. Unfunded vested liabilities included in these amounts were \$447 million and \$345 million at December 31, 1975 and 1974, respectively. Estimated market value of Trust assets at the end of 1975 was \$2,993 million and \$2,347 million at the end of 1974.

Financial statements of the Pension Trust are at right.

Costs of a separate supplementary pension plan primarily affecting long-service professional and managerial employees were \$4.3 million in 1975 and \$4.2 million in 1974. Unamortized liabilities for this supplementary

plan were \$31 million and \$36 million at December 31, 1975 and 1974, respectively. It is estimated that amendments to this plan effective January 1, 1976 will result in an increase in the unamortized liabilities of approximately \$40 million.

Incentive compensation plans apply to over 3,000 key employees. Allotments made in 1976 for services performed in 1975 aggregated \$33.0 million. Allotments made in 1975 and 1974 for services performed in the previous year were \$34.8 million and \$30.7 million, respectively.

General Electric Pension Trust

(In millions)	1975	1974
Operating statement		
Total assets at January 1	\$2,762.0	\$2,496.0
Company contributions	170.2	148.6
Employee contributions	47.2	44.4
	<u>217.4</u>	<u>193.0</u>
Dividends, interest and sundry income	128.0	119.9
Common stock appreciation:		
Realized	16.7	(7.0)
Accrued	70.7	86.2
Total programmed	<u>87.4</u>	<u>79.2</u>
Pensions paid	(147.3)	(126.1)
Total assets at December 31	<u>\$3,047.5</u>	<u>\$2,762.0</u>

Financial position — December 31

U.S. government obligations and guarantees	\$ 97.2	\$ 49.8
Corporate bonds, notes and mineral interests	335.5	263.6
Real estate and mortgages	589.2	448.3
Common stocks and convertibles	<u>1,831.1</u>	<u>1,797.0</u>
	<u>2,853.0</u>	<u>2,558.7</u>
Cash and short-term investments	123.1	108.9
Other assets — net	71.4	94.4
Total assets	<u>\$3,047.5</u>	<u>\$2,762.0</u>
Funded liabilities:		
Liability to pensioners	\$1,153.8	\$ 975.3
Liability for pensions to participants not yet retired	<u>1,893.7</u>	<u>1,786.7</u>
Total funded liabilities	<u>\$3,047.5</u>	<u>\$2,762.0</u>

4. Other costs — foreign currency translation

Before-tax foreign currency exchange gains and losses, including the results of translating foreign currency financial statements, are included in other costs. After recognizing income tax effects and minority interest, foreign currency losses were \$17.9 million in 1975 and \$9.8 million in 1974.

5. Other income

(In millions)	1975	1974
Net earnings of the Credit Corporation	\$ 52.2	\$ 42.7
Income from:		
Royalty and technical agreements	43.6	42.8
Customer financing	40.9	40.2
Marketable securities and bank deposits	28.7	17.3
Other investments:		
Interest	21.4	16.9
Dividends	8.2	12.9
Other sundry income	<u>2.5</u>	<u>13.0</u>
	<u>\$197.5</u>	<u>\$185.8</u>

6. Interest and other financial charges

Amounts applicable to principal items of long-term borrowings were \$84.2 million in 1975 and \$74.1 million in 1974.

7. Provision for income taxes

(In millions)	1975	1974
U.S. federal income taxes:		
Estimated amount payable	\$230.5	\$262.1
Effect of timing differences	19.9	30.2
Investment credit deferred — net	12.8	11.1
	<u>263.2</u>	<u>303.4</u>
Foreign income taxes:		
Estimated amount payable	115.2	74.5
Effect of timing differences	(28.9)	(4.2)
	<u>86.3</u>	<u>70.3</u>
Other (principally state and local income taxes)	8.5	8.7
	<u>\$358.0</u>	<u>\$382.4</u>

Changes in foreign income taxes payable and in timing differences shown above result principally from Canadian General Electric Company Limited's sale of its heavy-water plant in 1975. Details of the effect of timing differences on the provision for U.S. federal income taxes are shown below.

Effect of timing differences on U.S. federal income taxes

(In millions)	1975	1974
Increase (decrease) in provision for income taxes		
Tax over book depreciation	\$12.7	\$16.7
Undistributed earnings of affiliates	15.4	10.5
Margin on installment sales	28.3	3.6
Provision for warranties	(21.6)	(6.6)
Other — net	(14.9)	6.0
	<u>\$19.9</u>	<u>\$30.2</u>

The cumulative net effect of timing differences has resulted in a deferred-tax asset which is shown under Other assets.

Reconciliation of statutory and effective income tax rates

	1975	1974
U.S. federal statutory rate	48.0%	48.0%
Reduction in taxes resulting from:		
Consolidated affiliate earnings (including DISC) subject to aggregate effective tax rates generally less than 48%	(6.4)	(6.4)
Inclusion of earnings of the Credit Corporation in before-tax income on an "after-tax" basis	(2.7)	(2.0)
Investment credit	(1.6)	(1.3)
Income taxed at capital gains rate	(0.5)	(0.3)
Other — net	0.9	0.2
Effective tax rate	<u>37.7%</u>	<u>38.2%</u>

Provision has been made for federal income taxes to be paid on that portion of the undistributed earnings of affiliates and associated companies expected to be re-mitted to the parent company. Undistributed earnings intended to be reinvested indefinitely in affiliates and associated companies totaled \$494 million at the end of 1975 and \$423 million at the end of 1974.

U.S. federal income tax returns of the parent company have been settled through 1969.

Investment credit amounted to \$28.0 million in 1975, compared with \$23.9 million in the prior year. In 1975, \$15.0 million was added to net earnings, compared with \$12.8 million in 1974. At the end of 1975, the amount still deferred and to be included in net earnings in future years was \$96.9 million.

8. Earnings per common share

Earnings per share are based on the average number of shares outstanding. Any dilution which would result from the potential exercise or conversion of such items as stock options or convertible debt outstanding is insignificant (less than 2% in 1975 and 1974).

9. Cash and marketable securities

Time deposits and certificates of deposit aggregated \$595.0 million at December 31, 1975 and \$85.4 million at December 31, 1974. Deposits restricted as to usage and withdrawal or used as partial compensation for short-term borrowing arrangements were not material.

Marketable securities (none of which are equity securities) are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value at year-end 1975 and 1974.

10. Current receivables

(In millions)	December 31	1975	1974
Customers' accounts and notes		\$2,267.1	\$2,279.9
Associated companies		72.3	66.6
Nonconsolidated affiliates		1.1	0.8
Other		310.7	303.7
		<u>2,651.2</u>	<u>2,651.0</u>
Less allowance for losses		(53.8)	(57.2)
		<u>\$2,597.4</u>	<u>\$2,593.8</u>

11. Inventories

(In millions)	December 31	1975	1974
Raw materials and work in process		\$1,417.3	\$1,483.1
Finished goods		571.9	658.5
Unbilled shipments		125.7	115.4
		<u>\$2,114.9</u>	<u>\$2,257.0</u>

About 81% of total inventories were in the United States at year-end 1975 (80% at year-end 1974).

If the FIFO method of inventory accounting had been used by the Company, inventories would have been \$963.7 million higher than reported at December 31, 1975 (\$906.0 million higher than at January 1, 1975 after including the additional elements referred to under Inventories on page 31).

12. Investments

(In millions)	December 31	1975	1974
Nonconsolidated finance affiliates		\$ 508.6	\$ 456.5
Miscellaneous investments (at cost):			
Government and government-guaranteed securities		268.0	210.7
Other		73.7	91.2
		<u>341.7</u>	<u>301.9</u>
Marketable equity securities:			
Honeywell Inc. and Honeywell Information Systems Inc.		100.3	141.3
Other		69.2	69.3
		<u>169.5</u>	<u>210.6</u>
Associated companies		43.1	48.3
Less allowance for losses		(12.8)	(12.5)
		<u>\$1,050.1</u>	<u>\$1,004.8</u>

Advances to nonconsolidated finance affiliates aggregated \$0.7 million at the end of 1975 and 1974.

The estimated realizable value of miscellaneous investments at December 31, 1975 was \$330 million (\$285 million at December 31, 1974).

Marketable equity securities were valued at the lower of cost or market at December 31, 1975 and at cost at December 31, 1974. Aggregate market value of marketable equity securities was \$219 million and \$191 million at year-end 1975 and 1974, respectively. At December 31, 1975 gross unrealized gains on securities in the portfolio were \$64 million and gross unrealized losses were \$14 million. Market value calculations include the Company's investment in Honeywell Information Systems Inc. (HIS) as being equivalent to 2,200,000 shares of Honeywell Inc. common stock. Cost of the investment in Honeywell Inc. and HIS is the appraised fair value recorded on October 1, 1970, when the General Electric information systems equipment business was transferred to HIS. The recorded value is substantially less than tax cost.

At December 31, 1975, General Electric held 380,800 shares of Honeywell common stock, compared with 1,437,716 shares at December 31, 1974. GE sold 1,056,916 shares of Honeywell common stock in 1975 and 174,716 shares in 1974. Using average cost, realized gains entering into the determination of net income were nominal in both 1975 and 1974.

General Electric held an 18½ % ownership in HIS at December 31, 1975 and 1974. An Agreement between General Electric and Honeywell provides that GE can require Honeywell to purchase its interest at any time during 1976 for 1,500,000 shares of Honeywell stock, at any time during 1977 for 1,800,000 shares of Honeywell stock, and at any time during 1978 for 2,200,000 shares of Honeywell stock. In addition, under certain circumstances Honeywell has the right during the 1976-77 period to require GE to sell its HIS interest to Honeywell in return for 2,200,000 shares of Honeywell stock. During 1978 Honeywell has an unlimited right to purchase GE's HIS interest for 2,200,000 shares of Honeywell stock. Also, under the Agreement, GE may partially exercise its option rights to cause Honeywell

to acquire that number of shares of HIS which will result in GE receiving 800,000 shares of Honeywell stock.

In January 1976, General Electric notified Honeywell that it had elected to exercise its partial options for a total of 800,000 Honeywell shares. Upon closing, General Electric will retain an 11.7% ownership in HIS, and GE and Honeywell will retain their options with respect to the remaining HIS shares owned by General Electric.

General Electric is committed to the U.S. Department of Justice to dispose of its year-end 1975 holding of Honeywell common stock in an orderly manner by June 30, 1978 and all other shares of Honeywell common stock that GE receives for its interest in HIS by December 1980.

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received as part of these transactions.

Condensed consolidated financial statements for the General Electric Credit Corporation, the principal finance affiliate, are shown below. Copies of its 1975 Annual Report may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

General Electric Credit Corporation Financial position

(In millions)	December 31	1975	1974
Cash and marketable securities		\$ 185.3	\$ 161.8
Receivables		5,017.0	4,668.4
Deferred income		(522.1)	(525.6)
Allowance for losses		(126.1)	(92.7)
Net receivables		<u>4,368.8</u>	<u>4,050.1</u>
Other assets		120.0	98.0
Total assets		<u>\$4,674.1</u>	<u>\$4,309.9</u>
Notes payable:			
Due within one year		\$2,131.3	\$2,111.1
Long-term — senior		1,074.1	959.6
— subordinated		249.5	250.3
Other liabilities		290.6	240.8
Total liabilities		<u>3,745.5</u>	<u>3,561.8</u>
Deferred credits		428.0	299.7
Capital stock		309.2	267.5
Additional paid-in capital		11.5	11.5
Retained earnings		179.9	169.4
Equity		<u>500.6</u>	<u>448.4</u>
Total liabilities, deferred credits and equity		<u>\$4,674.1</u>	<u>\$4,309.9</u>

Current and retained earnings

(In millions)	For the year	1975	1974
Earned income		\$ 585.1	\$ 561.3
Expenses:			
Interest and discount		223.6	283.7
Operating and administrative		184.6	161.7
Provision for losses — receivables		85.9	45.9
— other assets		10.7	1.6
Provision for income taxes		28.1	25.7
		<u>532.9</u>	<u>518.6</u>
Net earnings		52.2	42.7
Less dividends		(41.7)	(34.0)
Retained earnings at January 1		169.4	160.7
Retained earnings at December 31		<u>\$ 179.9</u>	<u>\$ 169.4</u>

13. Plant and equipment

(In millions)	1975	1974
Major classes at December 31:		
Land and improvements	\$ 111.8	\$ 112.5
Buildings, structures and related equipment	1,686.4	1,617.6
Machinery and equipment	3,659.6	3,500.6
Leasehold costs and plant under construction	198.4	216.4
	<u>\$5,656.2</u>	<u>\$5,447.1</u>
Cost at January 1	\$5,447.1	\$4,919.8
Additions	448.2	671.8
Dispositions	(239.1)	(144.5)
Cost at December 31	<u>\$5,656.2</u>	<u>\$5,447.1</u>
Accumulated depreciation		
Balance at January 1	\$2,831.5	\$2,559.3
Current year provision	418.6	376.2
Dispositions	(154.4)	(121.1)
Other changes	(1.9)	17.1
Balance at December 31	<u>\$3,093.8</u>	<u>\$2,831.5</u>
Plant and equipment less depreciation at December 31	<u>\$2,562.4</u>	<u>\$2,615.6</u>

14. Other assets

(In millions)	December 31	1975	1974
Long-term receivables		\$229.5	\$178.0
Customer financing		87.7	78.1
Deferred income taxes		112.7	104.8
Recoverable engineering costs on government contracts		57.0	54.7
Deferred charges		36.1	41.1
Licenses and other intangibles — net		28.7	30.5
Other		33.8	38.9
		<u>\$585.5</u>	<u>\$526.1</u>

Deferred income taxes, shown above, include \$87.5 million and \$95.9 million applicable to current assets and liabilities at the end of 1975 and 1974, respectively.

Licenses and other intangibles acquired after October 1970 are being amortized over appropriate periods of time.

15. Short-term borrowings

The average balance of short-term borrowings, excluding the current portion of long-term borrowings, during 1975 was \$573.7 million (calculated by averaging all month-end balances for the year) compared with an average balance of \$858.2 million in 1974. The maximum balance included in these calculations was \$641.0 million and \$1,089.0 million at the end of February 1975 and April 1974, respectively. The average interest rate for the year 1975 was 11.3% and for 1974 was 11.7%. These average rates represent total short-term interest expense divided by the average balance outstanding. A summary of short-term borrowings and the applicable interest rates is at the upper right.

Short-term borrowings

(In millions)	December 31	1975	1974
		Average rate at Dec. 31	Average rate at Dec. 31
	Amount	Amount	Amount
Parent			
Notes with Trust Departments	\$274.7	5.92%	\$225.8 8.74%
Commercial paper	—	—	45.1 9.75
Consolidated affiliates			
Banks	204.8	16.06	279.4 15.37
Commercial paper	—	—	31.3 12.81
Other, including current portion of long-term borrowings	170.8		63.3
	<u>\$650.3</u>		<u>\$644.9</u>

Parent borrowings are from U.S. sources. Borrowings of consolidated affiliated companies, most of which are foreign, are primarily from sources outside of the U.S. Current portion of long-term borrowings for 1975 includes General Electric 3½ % long-term debentures (\$84.3 million) due in May 1976.

Although the total unused credit available to the Company through banks and commercial credit markets is not readily quantifiable, informal credit lines in excess of \$1 billion had been extended by approximately 130 U.S. banks at year-end 1975.

16. Other costs and expenses accrued

The balance at the end of 1975 included compensation and benefit costs accrued of \$412.4 million and interest expense accrued of \$24.9 million. At the end of 1974, compensation and benefit costs accrued were \$452.1 million and interest expense accrued was \$27.6 million.

17. Long-term borrowings

(In millions)	Outstanding	December 31	1975	1974	Due date	Sinking fund/pre-payment period
General Electric Company:						
3½ % Debentures	\$	—	\$	84.3	1976	1961-75
6¼ % Debentures		125.0		125.0	1979	None
5¾ % Notes		93.7		100.0	1991	1972-90
5.30 % Debentures		133.3		150.0	1992	1973-91
7½ % Debentures		185.3		200.0	1996	1977-95
8½ % Debentures		300.0		300.0	2004	1985-03
General Electric Overseas Capital Corporation:						
4¼ % Bonds		31.9		48.8	1985	1976-84
4¼ % Debentures		50.0		50.0	1987	None
5½ % Sterling /Dollar Guaranteed Loan Stock		7.3		8.4	1993	None
Other		45.7		55.3		
Other		66.0		73.4		
		<u>\$1,038.2</u>		<u>\$1,195.2</u>		

The amounts shown on page 35 are after deduction of the face value of securities held in the treasury as shown below.

Face Value in Treasury

(In millions)	December 31	1975	1974
General Electric Company:			
3½ % Debentures	\$ —	\$14.1	
5.30% Debentures	36.7	30.0	
7½ % Debentures	14.7	—	
General Electric Overseas Capital Corporation:			
4¼ % Bonds	6.9	1.2	

During 1975, General Electric 5.30% Debentures having a face value of \$10.0 million (\$10.0 million in 1974) and a reacquired cost of \$8.4 million (\$7.9 million in 1974) were retired in accordance with sinking fund provisions, and General Electric 5¾ % Notes having a value of \$6.3 million (\$6.2 million in 1974) were retired in accordance with prepayment provisions. General Electric Company 3½ % Debentures having a face value of \$14.7 million and a reacquired cost of \$13.0 million were retired in 1974 in accordance with sinking fund requirements.

Borrowings of General Electric Overseas Capital Corporation (a wholly-owned consolidated affiliate) are unconditionally guaranteed by General Electric as to payment of principal, premium if any, and interest. This Corporation primarily assists in financing capital requirements of foreign companies in which General Electric has an equity interest, as well as financing certain customer purchases. The Corporation's 4¼ % Guaranteed Bonds due in 1985 were convertible through November 1975 into General Electric common stock at \$65.50 a share. Bonds having a face value of \$11.2 million were converted in 1975. Borrowings also include 4¼ % Guaranteed Debentures due in 1987, which are convertible until June 15, 1987 into General Electric common stock at \$80.75 a share; and 5½ % Sterling/Dollar Guaranteed Loan Stock due in 1993 in the amount of £3.6 million (\$7.3 million), convertible from October 1976 into General Electric common stock at \$73.50 a share.

Other long-term borrowings were largely by foreign affiliates with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including the portion classified as current, are \$144.1 million in 1976, \$28.9 million in 1977, \$33.5 million in 1978, \$168.9 million in 1979 and \$31.9 million in 1980. These amounts are after deducting reacquired debentures held in the treasury for sinking fund requirements.

18. Share owners' equity

Changes in common stock issued, amounts received for stock in excess of par value and common stock held in treasury in 1975 and 1974 were as shown in the table at the upper right.

At December 31, 1975 and 1974 respectively, 184,358,652 and 182,651,032 common shares were outstanding after deducting 3,361,732 and 3,416,316 common shares held in treasury at the respective dates. Included in common stock

Share owners' equity

(In millions)	1975	1974
Common stock issued		
Balance January 1	\$465.2	\$463.8
New shares issued:		
Stock options and appreciation rights	0.1	0.1
Employee savings plans	4.0	1.3
Balance December 31	<u>\$469.3</u>	<u>\$465.2</u>
Amounts received for stock in excess of par value		
Balance January 1	\$414.5	\$409.5
Excess over par value of amounts received for newly issued shares	71.3	20.1
Gain (loss) on disposition of treasury stock	0.5	(15.1)
Conversion of Canadian General Electric preferred stock	(3.6)	—
Balance December 31	<u>\$482.7</u>	<u>\$414.5</u>
Common stock held in treasury		
Balance January 1	\$175.9	\$184.5
Purchases	12.8	59.6
	188.7	244.1
Dispositions:		
Employee savings plans	(0.1)	(59.9)
Incentive compensation plans	(8.5)	(7.4)
Business combinations	—	(0.9)
Conversion of Overseas Capital Corporation 1985 bonds	(9.1)	—
Balance December 31	<u>\$171.0</u>	<u>\$175.9</u>

held in treasury were 1,386,845 shares at December 31, 1975 and 1,297,576 shares at December 31, 1974 for the deferred compensation provisions of incentive compensation plans. These shares are carried at market value at the time of allotment, which amounted to \$66.2 million and \$61.4 million at December 31, 1975 and 1974, respectively. The liability is recorded under Other liabilities. The remaining common stock held in treasury is carried at cost.

Other common shares in treasury (1,974,887 and 2,118,740 at December 31, 1975 and 1974, respectively) are held for future corporate requirements, including distributions under employee savings plans, incentive compensation awards and possible conversion of General Electric Overseas Capital Corporation convertible indebtedness. The maximum number of shares required for conversions was 737,725 and 1,483,374 at December 31, 1975 and 1974, respectively. Such corporate requirements may be met either from unissued shares or from shares in treasury.

Changes in retained earnings for 1975 and 1974 are shown in the Statement of Current and Retained Earnings on page 28. Retained earnings at year-end 1975 included approximately \$188.7 million representing the excess of earnings of General Electric Credit Corporation over dividends received from this affiliate since its formation. In addition, retained earnings have been reduced by \$3.2 million, which represents the change in equity in associated companies since acquisition. At the end of 1974, these amounts were \$178.3 million and \$1.3 million, respectively.

19. The stock option and stock appreciation rights plan

The plan approved by the share owners in 1973, and previous plans under which options remain outstanding, provide continuing incentives for more than 500 employees. Option price under these plans is the full market value of General Electric common stock on date of grant. An employee can only exercise his option to the extent that annual installments have matured, normally over a period of nine years. The 1973 plan also provides for granting stock appreciation rights to holders of options under present and past plans, which permit them to surrender exercisable options or a portion of an option in exchange for an amount equal to the excess of the market price of the common stock on the date the right is exercised over the option price. The Management Development and Compensation Committee of the Board of Directors has determined that this amount will be distributed in the Company's common shares.

At the end of 1975, there were 2,497,088 shares reserved for the 1973 plan and 1,685,026 shares covered by outstanding options granted under prior plans, for a total of 4,182,114 shares. Of this total amount, 1,196,110 shares were subject to exercisable options, 1,862,107 shares were under options not yet exercisable, and 1,123,897 shares were available for granting options in the future. At December 31, 1975, appreciation rights relating to unexpired options for 1,020,791 shares were outstanding. The number of shares available for granting options at the end of 1974 was 1,228,910. No stock appreciation rights had been granted at that date. A summary of stock option transactions during the last two years is shown at the upper right.

Stock Options

	Shares subject to option	Average per share	
		Option price	Market price
Balance at Jan. 1, 1974	2,678,231	\$53.96	\$63.00
Options granted	734,537	39.39	39.39
Options exercised	(48,689)	44.55	53.49
Options terminated	(193,597)	50.52	—
Balance at Dec. 31, 1974	3,170,482	50.94	33.38
Options granted	167,062	47.81	47.81
Options exercised	(35,378)	41.81	46.94
Options surrendered on exercise of appreciation rights	(795)	35.25	48.63
Options terminated	(243,154)	53.33	—
Balance at Dec. 31, 1975	3,058,217	50.69	46.13

20. Commitments and contingent liabilities

Lease commitments and contingent liabilities, consisting of guarantees, pending litigation, taxes and other claims, in the opinion of management, are not considered to be material in relation to the Company's financial position.

21. Foreign operations

A summary of certain information, before elimination of intercompany transactions, for all General Electric foreign affiliates and branches is shown below.

Foreign operations

(In millions)	December 31	1975	1974
Operating results			
Sales		\$2,801.5	\$2,362.6
Net earnings		127.2	109.7
General Electric share of net earnings		116.4	99.5
Financial position			
Total assets		<u>\$2,194.0</u>	<u>\$2,088.0</u>
Total liabilities		\$1,434.4	\$1,450.8
Minority interest in equity		83.6	71.2
General Electric interest in equity		<u>676.0</u>	<u>566.0</u>
Total liabilities and equity		<u>\$2,194.0</u>	<u>\$2,088.0</u>

Report of Independent Certified Public Accountants

To the Share Owners and Board of Directors of
General Electric Company

We have examined the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1975 and 1974, and the related statements of current and retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of General

Electric Company and consolidated affiliates at December 31, 1975 and 1974, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
345 Park Avenue, New York, N.Y. 10022
February 20, 1976

Historical summary

Management's discussion and analysis of recent operating results and financial position is presented throughout this Report. The ten-year financial summary at right provides additional perspective.

Sales in 1975 were slightly below 1974 in dollars — the first decrease in many years. It is estimated that the physical volume of products sold in 1975 was down about 10% from the prior year, principally because of the recession. About half of the increase in sales from 1973 to 1974 was attributable to greater physical volume.

Despite inflationary pressures, 1975 operating costs were only slightly above 1974 levels as a result of rigorous cost control. However, the cost-price squeeze had an unfavorable impact which reduced the operating margin rate for the second consecutive year.

Interest and other financial charges for 1975 were less than in 1974 due to lower average interest rates paid for short-term borrowings and a lower average level of total borrowings. This decrease followed a sharp increase in interest expense from 1973 to 1974 when higher interest rates prevailed and the Company increased its level of borrowings.

Provision for income taxes in 1975 was lower than in 1974 principally because of lower income. Details of the slightly lower effective tax rate for 1975 (37.7%) compared with 1974 (38.2%), are shown in Note 7 to the Financial Statements. The decrease in the 1974 effective tax rate from 1973's rate of 41.4% was due to a change in the proportion of earnings from consolidated affiliates, including DISC, which are subject to aggregate tax rates generally less than the U.S. federal statutory rate.

Sales and earnings for GE's major categories for the last five years are shown in the tables on pages 6 through 18. The impact of inflation, cost-price squeeze and recession have affected the categories in varying degrees.

Plant and equipment additions in 1975 were 33% lower than in 1974, as several major capacity expansion projects in the Industrial Components and Systems category were completed.

Dividends declared during 1975 and 1974 were at a rate of 40 cents per share in each quarter.

Supplemental information: The information included in the financial statements in this Report, in the opinion of management, substantially conforms with or exceeds the information required in the annual statements constituting part of the "10-K Report" submitted to the Securities and Exchange Commission. Certain supplemental information, considered non-substantive, is included in that report, however, and copies will be available without charge on or about May 1, from: Investor Relations, General Electric Company, Fairfield, Connecticut 06431.

Ten-year financial summary

(Dollar amounts in millions; per-share amounts in dollars)

Summary of operations

Sales of products and services	
Materials, engineering and production costs	
Selling, general and administrative expenses	
Operating costs	
Operating margin	
Other income	
Interest and other financial charges	
Earnings before income taxes and minority interest	
Provision for income taxes	
Minority interest	
Net earnings	
Earnings per common share (a)	
Dividends declared per common share (a)	
Earnings as a percentage of sales	
Earned on average share owners' equity	

Cash dividends declared	
Shares outstanding—average (in thousands) (a)	
Share owner accounts—average	
Market price range per share (a) (b)	
Price/earnings ratio range	

Current assets	
Current liabilities	
Working capital	
Short-term borrowings	
Long-term borrowings	
Minority interest in equity of consolidated affiliates	
Share owners' equity	
Total capital invested	
Earned on average total capital invested	

Plant and equipment additions	
Depreciation	

Employees—average worldwide	
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- (a) Amounts have been adjusted for the two-for-one stock split in April 1971.
(b) Represents high and low market price on New York Stock Exchange for each year.

1975	1974	1973	1972	1971	1970	1969	1968	1967	1966
\$13,399.1	\$13,413.1	\$11,575.3	\$10,239.5	\$9,425.3	\$8,726.7	\$8,448.0	\$8,381.6	\$7,741.2	\$7,177.3
10,195.3	10,137.6	8,515.2	7,509.6	6,962.1	6,423.6	6,346.1	6,251.7	5,779.4	5,311.0
2,282.8	2,280.5	2,105.3	1,915.2	1,726.2	1,754.2	1,615.3	1,482.1	1,320.9	1,234.3
12,478.1	12,418.1	10,620.5	9,424.8	8,688.3	8,177.8	7,961.4	7,733.8	7,100.3	6,545.3
921.0	995.0	954.8	814.7	737.0	548.9	486.6	647.8	640.9	632.0
197.5	185.8	183.7	189.2	152.0	106.8	98.7	86.3	91.4	72.4
(168.9)	(180.1)	(126.9)	(106.7)	(96.9)	(101.4)	(78.1)	(70.5)	(62.9)	(39.9)
949.6	1,000.7	1,011.6	897.2	792.1	554.3	507.2	663.6	669.4	664.5
(358.0)	(382.4)	(418.7)	(364.1)	(317.1)	(220.6)	(231.5)	(312.3)	(320.5)	(347.4)
(10.8)	(10.2)	(7.8)	(3.1)	(3.2)	(5.2)	2.3	5.8	12.5	21.8
\$ 580.8	\$ 608.1	\$ 585.1	\$ 530.0	\$ 471.8	\$ 328.5	\$ 278.0	\$ 357.1	\$ 361.4	\$ 338.9
\$ 3.17	\$ 3.34	\$ 3.21	\$ 2.91	\$ 2.60	\$ 1.81	\$ 1.54	\$ 1.98	\$ 2.00	\$ 1.88
\$ 1.60	\$ 1.60	\$ 1.50	\$ 1.40	\$ 1.38	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30
4.3%	4.5%	5.1%	5.2%	5.0%	3.8%	3.3%	4.3%	4.7%	4.7%
14.9%	17.2%	18.1%	18.0%	17.6%	13.2%	11.5%	15.4%	16.5%	16.2%
\$ 293.1	\$ 291.2	\$ 272.9	\$ 254.8	\$ 249.7	\$ 235.4	\$ 235.2	\$ 234.8	\$ 234.2	\$ 234.6
183,258	182,120	182,051	182,112	181,684	181,114	180,965	180,651	180,266	180,609
553,000	547,000	537,000	536,000	523,000	529,000	520,000	530,000	529,000	530,000
52 $\frac{7}{8}$ -32 $\frac{3}{8}$	65-30	75 $\frac{7}{8}$ -55	73-58 $\frac{1}{4}$	66 $\frac{1}{2}$ -46 $\frac{1}{2}$	47 $\frac{1}{4}$ -30 $\frac{1}{8}$	49 $\frac{1}{8}$ -37	50 $\frac{1}{4}$ -40 $\frac{1}{8}$	58-41 $\frac{1}{4}$	60-40
17-10	19-9	24-17	25-20	26-18	26-17	32-24	25-20	29-21	32-21
\$ 5,565.5	\$ 5,222.6	\$ 4,485.4	\$ 3,979.3	\$3,639.0	\$3,334.8	\$3,287.8	\$3,311.1	\$3,207.6	\$3,013.0
3,963.4	3,879.5	3,492.4	2,869.7	2,840.4	2,650.3	2,366.7	2,104.3	1,977.4	1,883.2
\$ 1,602.1	\$ 1,343.1	\$ 993.0	\$ 1,109.6	\$ 798.6	\$ 684.5	\$ 921.1	\$1,206.8	\$1,230.2	\$1,129.8
\$ 650.3	\$ 644.9	\$ 665.2	\$ 439.4	\$ 569.8	\$ 658.1	\$ 340.7	\$ 280.6	\$ 266.9	\$ 286.3
1,038.2	1,195.2	917.2	947.3	787.3	573.5	673.3	749.1	724.1	476.5
83.6	71.2	50.1	43.4	42.4	41.3	42.3	40.1	38.0	44.5
4,069.2	3,704.3	3,372.4	3,084.6	2,801.8	2,553.6	2,426.5	2,402.1	2,245.3	2,128.1
\$ 5,841.3	\$ 5,615.6	\$ 5,004.9	\$ 4,514.7	\$4,201.3	\$3,826.5	\$3,482.8	\$3,471.9	\$3,274.3	\$2,935.4
11.9%	13.0%	13.7%	13.2%	12.7%	10.2%	8.8%	11.4%	11.9%	12.2%
\$ 448.2	\$ 671.8	\$ 598.6	\$ 435.9	\$ 553.1	\$ 581.4	\$ 530.6	\$ 514.7	\$ 561.7	\$ 484.9
418.6	376.2	334.0	314.3	273.6	334.7	351.3	300.1	280.4	233.6
375,000	404,000	388,000	369,000	363,000	397,000	410,000	396,000	385,000	376,000

New York Stock Exchange market prices

(High and low by quarter)	1975		1974	
First Quarter	\$49 $\frac{1}{2}$	\$32 $\frac{3}{8}$	\$65	\$50 $\frac{3}{4}$
Second Quarter	52 $\frac{7}{8}$	44 $\frac{1}{4}$	56	46 $\frac{3}{4}$
Third Quarter	52 $\frac{3}{4}$	41 $\frac{3}{8}$	49 $\frac{3}{4}$	30
Fourth Quarter	50	42 $\frac{1}{4}$	40 $\frac{1}{2}$	30 $\frac{1}{2}$

GENERAL ELECTRIC INVESTOR

General Electric Company
Fairfield, Connecticut 06431



General Electric ideas to attract consumers and strengthen the upturn in consumer markets include, left, new GE kitchen design reflecting the trend toward cooperative family efforts in meal preparation. Below: (1) self-cleaning, spray, steam and dry iron; (2) Home Sentry® Variable Timer and Home Sentry® Smoke Alarm; (3) Chrono-Tel® digital alarm clock; (4) heavy-duty stand mixer, featuring dough hooks; (5) the Searcher®, General Electric's tunable scanning public service band portable FM-AM radio; (6) Broil-R-Grill for fast two-sided broiling; (7) Superblow® Hair Care Center; and (8) new Hotpoint® countertop microwave oven with larger capacity, two power settings and a timer.



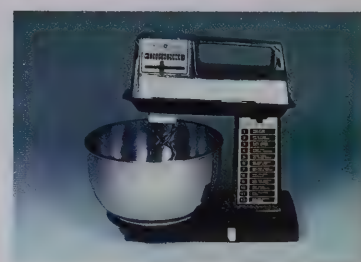
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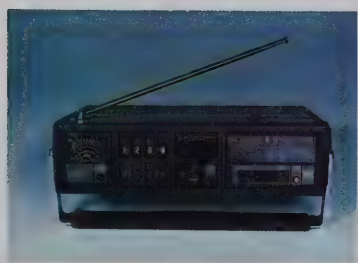
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INVESTOR

Winter 1975

Research: test tube for new businesses

page 2

Report on the 1975 share owners' information meeting

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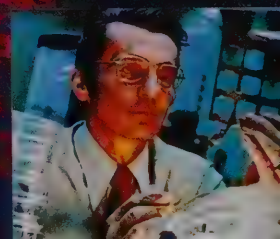
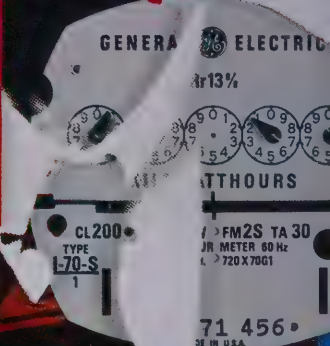
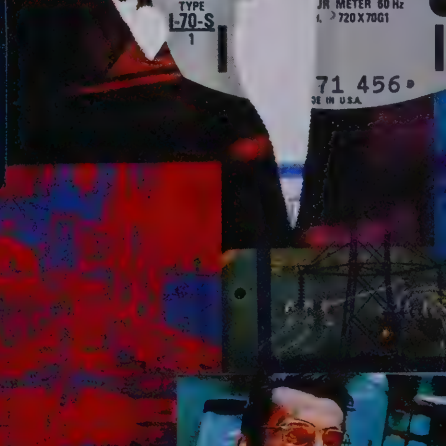
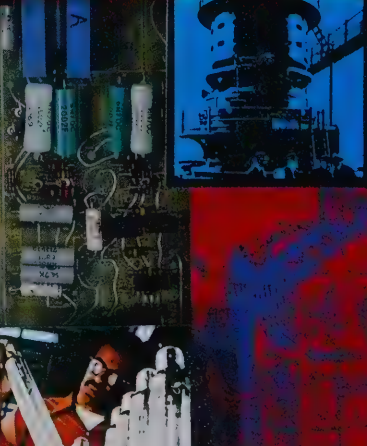
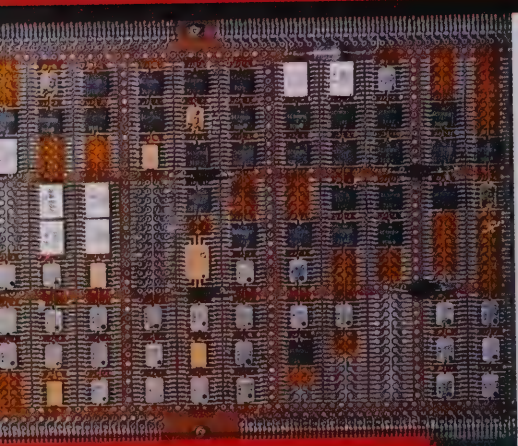
The North Sea: a portrait in oils

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A GE Man-Made[®] diamond symbolizes
Diamond Jubilee for GE Research





Research: *test tube for new businesses*

It's axiomatic for investors to inquire into a company's research and development activities as indicators of its future growth potentials. If proof is needed that this is a valid investment yardstick, a look at General Electric's R&D experience is convincing. For share owners, this look was provided in the talk by Vice Chairman Herman L. Weiss at the 1975 Information Meeting.

GE launched industrial research just 75 years ago. In a barn behind the Schenectady, N.Y., home of GE electrical wizard Charles Proteus Steinmetz, a 32-year-old professor named Willis R. Whitney began "the great experiment" in October of 1900.

Expectations of the value of this fledgling research effort were expressed to share owners in 1901 by Edwin W. Rice, Jr., the Company's first technical director: "It has been deemed wise to establish a laboratory devoted exclusively to original research," he said. "It is hoped by this means that many profitable fields may be discovered."

The results were summarized by Vice Chairman Weiss: "Since the founding of that first U.S. industrial laboratory devoted to basic research 75 years ago, the creative process in General Electric has been continually nurtured, ranging far beyond the electrical industry. Over the years, exciting and profitable new businesses have been created from the work done by GE research scientists and engineers in such widely diverse fields as lighting, x-rays, radio, television, jet engines, atomic energy, engineering plastics and Man-Made® diamonds."

Dr. Whitney himself began the process by developing, in 1904, an electric lamp

filament that was more efficient and longer lasting than the carbon type produced by Thomas Edison.

But tungsten, with its high melting point, promised even better performance. Dr. Whitney assembled an outstanding team led by chemist Dr. William D. Coolidge to develop tungsten ductile enough to be bent into a filament. Today's familiar incandescent lamp bulbs still use ductile tungsten filaments made with the Coolidge process.

In 1913, another development resulted from the "marriage" of Coolidge's work on ductile tungsten and the electronics knowledge provided by colleague Dr. Irving Langmuir. By combining a tungsten target, a heated tungsten filament and a high vacuum, Dr. Coolidge developed the type of x-ray tube that is still in use. This "Coolidge tube" provided the technology that underlies GE's leadership in today's x-ray business and in the broader medical systems business that has been developed in recent years.

This depth of experience in working with tungsten enabled the Company to further develop tungsten carbide—"the hardest metal made by man." The result, as described by Mr. Weiss: "a leadership position for General Electric in the production and practical application of tungsten carbide in industry and mining." Used in cutting or forming metals, tungsten carbide tools greatly improved industrial productivity. And drill bits with tungsten carbide teeth are used in mining and oil-well-drilling applications. GE today conducts a substantial metallurgical products business.

Dr. Langmuir's laboratory work in high-vacuum tech-

nology led to the formation of a GE vacuum tube business, whose products helped put pioneering radio stations such as GE's WGY, in Schenectady, on the air. Another early GE contributor to advances in communications was Dr. Ernst F. W. Alexanderson, holder of over 300 patents, whose developments helped in the evolution of modern radio and TV broadcasting, both of which are profitable GE businesses.

Dr. Langmuir's later research in chemistry earned him a Nobel Prize in 1932, the

(continued on page 4)

General Electric research and development sits for its composite portrait, opposite, in a collage by Fred Ottes. This artist's interpretation depicts the historic sweep from the humble beginnings in a Schenectady barn to worldwide recognition through scientific discoveries that have advanced the quality of life.



Dr. Arthur M. Bueche, vice president for research and development, is but the fourth director of GE research since 1900.



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Research: *(continued)*

first awarded to an American industrial scientist.

General Electric became involved in chemical research primarily through the need for better insulating materials. But in 1940 the Company's young chemical businesses received a boost with the development, by Research Laboratory chemist Eugene Rochow, of a simplified process for the preparation of silicone chemicals. A stream of applications for these stable, heat-resistant polymers flowed: wire insulation, roofing materials, silicone rubber, new lubricants, even the boots used by the first astronauts to set foot on the moon. General Electric today is a major supplier of silicone chemicals.

Electronics and physics drew increasing attention in the 1950s and 60s as revolutionary solid-state devices began competing with vacuum tubes. From General Electric research came new types of semiconductors, silicon-controlled rectifiers, the solid-state laser, and other developments providing the technological foundation for today's business in electronic components, as well as important entries into solid-state controls for industry, communications systems, computerized information services, and radio and television products.

The glitter of history's first diamonds made by man captured the attention of the world in 1955 as a team of General Electric scientists announced that they had accomplished in the laboratory

what previously only nature had done. The business consequences of this discovery were pointed out by Vice Chairman Weiss: "The Company's first successful diamond experiments in the laboratory produced tiny amounts of diamonds, but today annual production is in tons and the sale of industrial diamond abrasives is a growing, profitable business." Further, GE's experience in high-pressure/high-temperature technology has led to the discovery of "a new, unique, superhard industrial abrasive material—cubic boron nitride—which the Company is now marketing under the trade name Borazon®." Highly effective in the grinding of hardened tool and die steels, Borazon "presents a unique marketing opportunity to further improve the productivity of the metalworking industry."

In the mid-1950s came discoveries of two new heat-resistant polymers. Mr. Weiss: "The Company examined these opportunities, invested capital and built a dynamic new business on Lexan® and Noryl® plastics."

Lexan plastics are tough enough to replace metals in many applications. Yet Lexan can also be produced as transparent sheets, providing a virtually unbreakable replacement for glass. Today this polymer is being used widely and has begun to penetrate the markets for bottles and packaging.

Noryl offers temperature resistance and dimensional stability that make it ideally

(continued on page 6)

1. *The first Nobel Prize ever awarded to an American industrial scientist is presented in 1932 to Dr. Irving Langmuir for his GE research in surface chemistry.*

2. *"The man who tamed lightning," Charles P. Steinmetz, advanced the knowledge of alternating current and high voltage transmission.*

3. *Dr. Ernst F. W. Alexanderson, GE communications pioneer, at home in 1927 with his first home television receiver.*

4. *Among the first to separate uranium 235 in 1940 and help demonstrate the feasibility of nuclear fission were GE's Drs. H. C. Pollock and K. H. Kingdon.*

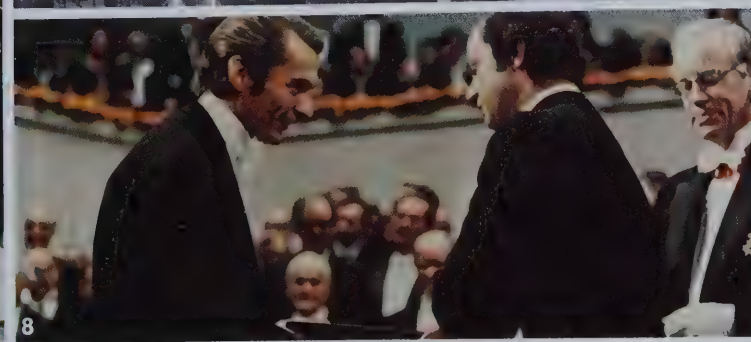
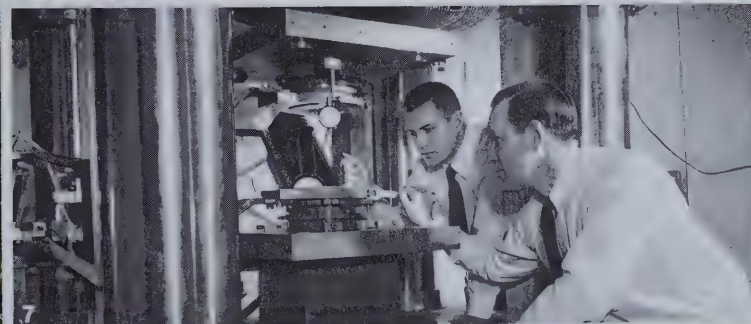
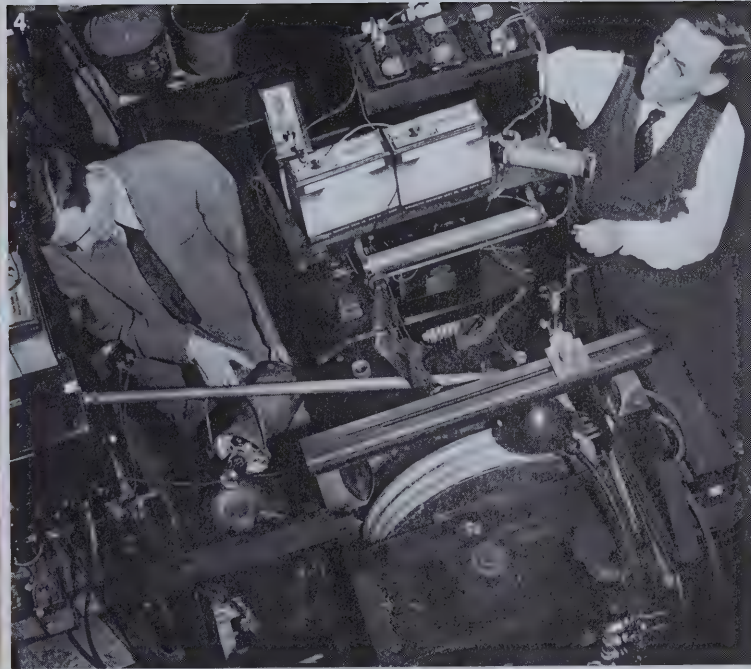
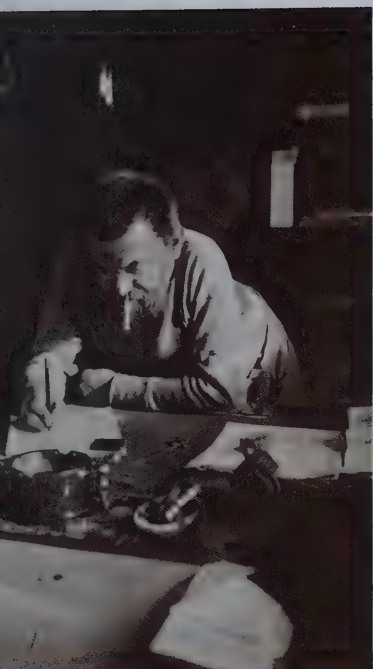
5. *In 1918, the first woman scientist to join the GE research staff, Dr. Katharine Blodgett, began a productive career that included discovery of "invisible" or non-reflecting glass.*

6. *Painter Norman Rockwell's interpretation of three directors of the GE Research Laboratory: W. D. Coolidge (1932-1945), C. G. Suits (1945-1965) and W. R. Whitney (1900-1932).*

7. *Man-Made diamonds — climax of a 125-year quest to duplicate nature's hardest substance — were announced in 1955 by GE scientists and engineers.*

8. *Dr. Ivar Giaever (left) receiving 1973 Nobel Prize for physics from Sweden's King Carl Gustaf.*





Research: *(continued)*

suit for use in TV components, wiring devices, automobile grilles and varied other applications.

Further research resulted in Valox®, the newest member of GE's engineering plastics family. Its ability to resist chemicals is winning it an increasing range of applications in automobiles.

In 1960, General Electric added further to its storehouse of electronics knowledge with Ivar Giaever's discovery of "superconductive tunneling," which provided a new method for studying the phenomenon of superconductivity and opened the possibility of a new class of electronic devices. The discovery won Giaever, in 1973, the second Nobel prize awarded a GE scientist.

And in the 1970s the energy crisis has drawn fresh attention to the importance of R&D. The General Electric Research and Development Center is at work on a number of different energy technologies, including: improved processes of coal gasification; cryogenic or "ultra cold" electric cable that can take advantage of the drop in electrical resistance that occurs when metals are cooled to very low temperatures; new heat-resistant materials that will enable gas turbines to operate at higher temperatures and thus at greater efficiencies; and, in a joint project at the University of Rochester, an exploration of controlled thermonuclear fusion—the basic reaction by which the sun converts matter into

energy.

Yet, while it is fitting to look back at the historic record of GE discovery, "the concern of research and development is the future, not the past," says Dr. Arthur M. Bueche, Vice President—Research and Development.

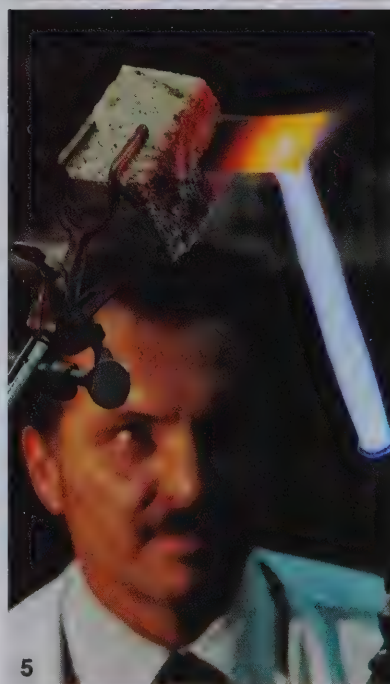
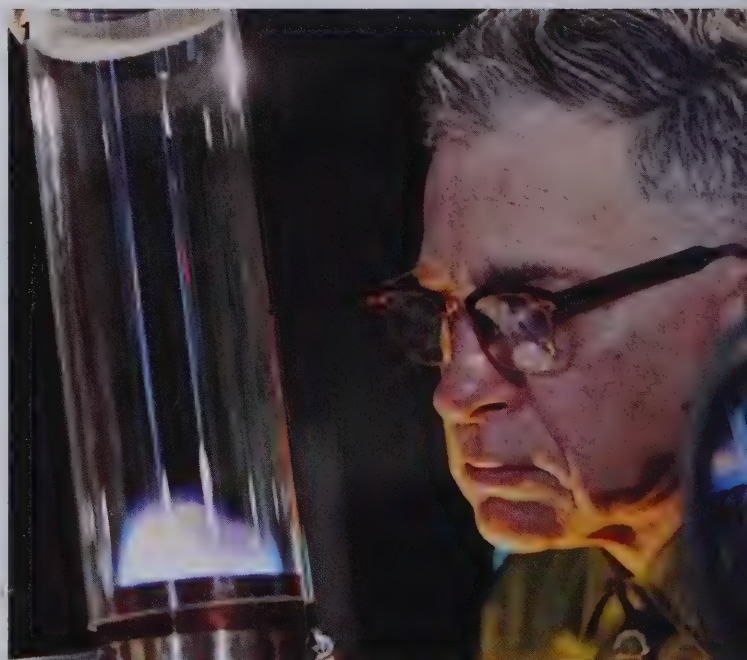
One indicator that General Electric's R&D retains its full vigor and creativity is provided by the annual competition sponsored by *Industrial Research* magazine to select the 100 most significant new technical products or processes. Since this competition was begun in 1963, General Electric has garnered twice as many awards—97—as any other company.

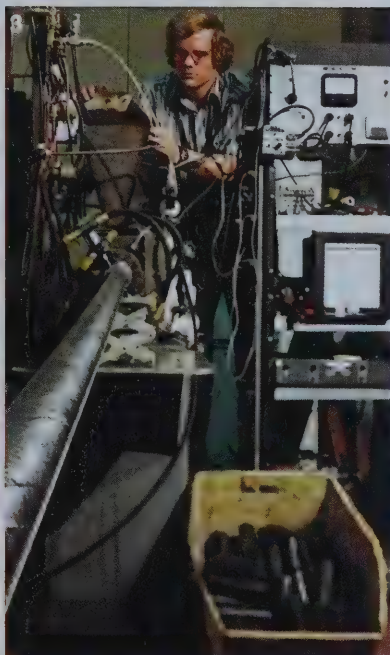
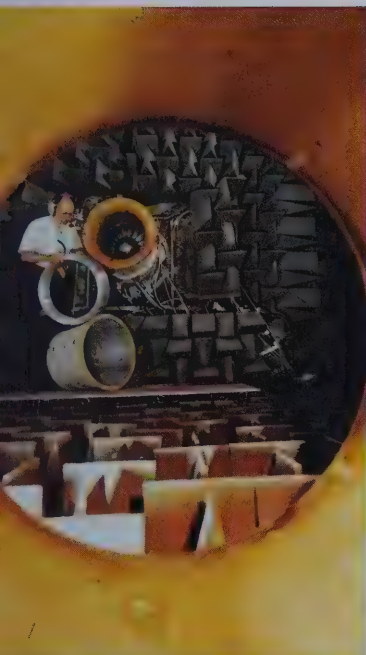
Most widely publicized of GE's IR award-winning developments for 1975 is a new "super-microbe" strain that can digest many of the hydrocarbons in oil spills. Developed by Dr. Ananda Chakrabarty of the Research and Development Center, this man-made microbe digests crude oil at a rate hundreds of times faster than any known organism and converts the oil into a protein form that can be eaten by marine life.

Today, the Research and Development Center has a staff of some 1800 people, with over half of its 600 scientists and engineers holding Ph.D. degrees.

Company-wide GE expenditures on R&D in 1974 included \$352 million funded by the Company and \$538 million for work performed under contract, primarily for the U.S. government.

—Devere E. Logan





1. Cleaner combustion, less air pollution is the goal of GE laboratory experiments on various mixtures of air and fuel to eliminate submicroscopic pollutants.
2. Quieter jet engines of the future is the goal of research in this acoustic test facility.
3. Clean fuel gas may result from new concepts in coal gasification.
4. A needle-shaped sensor, developed by GE, gives doctors a running account of carbon dioxide in a patient's bloodstream.
5. New techniques for fabricating silicon carbide, one of the most heat-resistant materials, when applied to turbine parts, could help boost gas turbine efficiency.
6. A "super-microbe" that could attack oil spills on waterways by converting petroleum into a form eaten by marine life has been created in the General Electric Research and Development Center.
7. Powerful magnetic fields produced by magnets wound with new superconducting cable may be useful in ore separation or magnetically-levitated 300-mph trains.
8. An energy experiment in which sunlight, focused on semiconductor crystals, can generate electricity to produce hydrogen by water electrolysis.



General Electric: “positioned for the economic recovery that is gathering momentum”

That summarizes one answer to questions submitted by more than 2,500 share owners for reply at the 1975 Information Meeting

Participants in General Electric's 1975 Information Meeting included both a “seen” and an “unseen” audience.

Seen: the 831 share owners who attended in person as the meeting got underway on October 28 in San Francisco's Masonic Memorial Temple.

Unseen: a total of 1,673 share owners who returned question cards distributed with the July dividend mailings to enable share owners to bring their questions or comments to the attention of the Company's management.

Guided by this outpouring of what is on the minds of share owners today, the Company's top officers lost no time in delivering answers to those questions most often asked by mail or in person.

The outlook for General Electric was sum-

marized by Reginald H. Jones, Chairman of the Board. He called attention to the “strong recovery in earnings” that the Company achieved in the 1975 third quarter, when earnings rose 7% above those for the third quarter of 1974, even though the quarter's sales were actually 2% less than last year's volume. This earnings recovery, he said, “reflects the determined effort of your management to bring inflated costs into line with existing levels of business and improve our cost-price relationships.”

In answer to share owners' questions about the 1975 earnings projection, Mr. Jones commented: “Most of the financial analysts who follow your Company in the security markets are estimating that our earnings for 1975 will be somewhere in the range from about

\$3.05 per share to perhaps as much as \$3.15 per share. We think that that's a good range, a pretty good ‘ballpark’ set of numbers.”

Another measure cited by the Chairman: the improvement during 1975 in earnings as a percentage of sales. “After barely squeezing out 2.5 cents on the dollar in the first quarter of 1975, earnings have recovered to 4.8 cents on the dollar in the third quarter.”

In his view, “this recovery from the impact of the recession, even before the economy itself has done more than barely start the upward climb, confirms the confidence we expressed at last year's meeting—that General Electric and its employees would be able to take the fast-changing economic challenges in their stride.”

The Company's financial strength was also

The 1975 Information Meeting held in San Francisco's Masonic Memorial Temple (left) extended opportunity for California's 39,000 General Electric share owners to attend a GE share owners' meeting.

Panel to answer share owners' questions (right) was composed of (left to right) Vice Chairmen Walter D. Dance and Jack S. Parker, Chairman Reginald H. Jones and Vice Chairman Herman L. Weiss.



1975 Information Meeting *(continued)*



reviewed by Chairman Jones. During the recessionary period, he said, "we made a major effort to sustain our solid financial structure and improve our cash flow at a time when cash was desperately short for all of business. The dangerous combination of double-digit inflation, high debt-to-equity ratios and stagnating sales pushed many companies to the edge of bankruptcy during the recession. Your Company was never in such dire straits, of course, but to assure the continuation of our rare and valued Triple-A rating, our managers had a cram course in balance sheet management. They responded magnificently, so that our financial structure today, after the worst recession since the 1930s, is solid—and we intend to keep it that way. Perceptive investors today are as interested in financial integrity as they are in earnings per share."

Putting the recession in the past tense, the Chairman said: "This recession also demonstrated the value of General Electric's diversity of product lines. Our products for the home, for electric utilities and for construction

Support for the "nuclear option" as an essential step toward U.S. energy independence was urged by Vice Chairman Dance. "As a nation, we are at the crossroads," he said. "We can either go forward and benefit from the more than 20 years already invested in this national effort. Or we can permit the erosion of the nuclear power industry's capability to serve America's energy needs." The latter course would foreclose to the U.S. "the only other viable energy option the nation now has available—except for more imported oil at higher prices." GE's commitment to nuclear energy is indicated by photo showing massive new facility at San Jose, Calif., for testing components.

were severely hit by the recession. But these were offset to some extent by high backlog of orders for industrial capital goods and by the strength of our businesses in the services sector—GE Credit Corporation, service shops and the like. Our aerospace businesses really had their recession two or three years ago and were a source of strength in these hard times. And, most interestingly for the future, in spite of worldwide recession our international sales kept growing right through the year."

In summary, he commented: "We have been able to manage our businesses through their different cycles and position ourselves for the economic recovery that is starting to gather momentum."

Isn't there a conflict between sustaining growth and sustaining dividends?

Mr. Jones: "Analyses indicate to us that if we keep our dividend payments at roughly half the earnings of the Company we can sustain growth at the rate that will make General Electric, in the eyes of the public, a growth company. If you have noticed, the dividend rate has been running about 50% of earnings."

Action by share owners to improve business earnings was urged by the GE Chairman. Noting the need for "some fundamental changes in governmental attitudes and policies affecting business," he recommended that share owners support current efforts to gain tax reforms that will enable business to generate the funds it needs to invest in modernization and expansion.

"Profits," Chairman Jones explained, "provide the funds by which business improves productivity, invests in new technology and provides jobs for a growing labor force. But profits have been declining as a proportion of the national income—from 16% in 1950 to 9% in 1974. In the same period, compensation for employees rose from 64% to 75% of the

national income."

Moreover, he feels, earnings for many companies have in recent years been greatly overstated because of the distorting effects of inflation. In 1974, reported earnings for nonfinancial corporations were \$65.5 billion, compared with \$38.2 billion in 1965—an apparent increase of more than 70%. Yet when phantom inventory profits and underdepreciation are taken out, the *real* earnings of industry were \$37 billion in 1965 and only \$20.6 billion in 1974—a decline of over 40%.

"With earnings declining in this manner, many of our industrial customers and suppliers have been drifting deeply into debt just to keep going, and all of American business is hardpressed for capital. That is why General Electric has been urging tax reforms to help business retain and generate more funds for investment. As investors, you will want to urge your representatives in the Congress to:

- make the 10% investment tax credit permanent, and perhaps increase it to 12%;
- change depreciation provisions to match the real replacement cost of plant and equipment, rather than the historic original costs;
- stop the double taxation of profits—first on the corporation and then again on the share owner when he receives a dividend; and
- if the political obstacles can be overcome, reduce the corporate income tax rate."

The Chairman acknowledged that it will probably not be possible to achieve all these tax reforms in the present Congress. "But a start should be made. Tax reductions for individuals *and* businesses are needed to sustain the recovery in 1976 and to strengthen the economy against inflation and unemployment in the years ahead."

GE progress in equal opportunity was reviewed by the Chairman: "Overall, the performance of the Company in the area of Equal

Employment Opportunity continues to be very good. This is particularly so in the job categories that represent upward mobility through our structure." Specifics:

- Minority managers increased by 5% and women managers by 12% from June 1974 to June 1975;
- The number of minorities in the professional ranks is up by 5% and women professionals increased by 11%;
- Despite a reduction in college recruiting as a result of the recession, the proportion of minorities and females hired from college was 18% and 14% respectively; and
- All of this was accomplished in the face of a 14% drop in total GE employment during the same period.

The Chairman added: "As you might ex-

(continued on page 12)

GE developments in solar power and other energy sources such as geothermal steam, fusion, windmills and the tides are all being actively pursued, Vice Chairman Dance reported, "because we believe all reasonable opportunities should be explored." He cautioned, however, that few scientists believe that these other sources will produce significant amounts of usable energy in this century. Vice Chairman Weiss noted that "the technical feasibility for heating and cooling buildings has been demonstrated" by GE projects such as that illustrated below: the country's first privately initiated, industrial-scale solar heating system, now being tested at GE's Valley Forge Space Center.



1975 Information Meeting *(continued)*

New advances in health care were described by Vice Chairman Weiss. One promising new development, pictured here with Actor George Peppard, has become a "co-star" on NBC's new TV series "Doctors Hospital." It's the GE Porta-Camera®, a mobile nuclear diagnostic instrument for clinically detecting tumors and measuring muscle damage in heart attacks. Commenting on GE's leadership in the field, Mr. Weiss said, "Today, GE serves the diagnostic x-ray, nuclear and patient monitoring markets with a variety of products including: specialized systems for breast examinations; Telegem 90, a complete remote-control diagnostic x-ray system; a full line of dental x-ray units; and an advanced computerized patient monitoring system."

pect, the recessionary environment of the past year, including the necessity for layoffs in some of our businesses, has resulted in a few setbacks as well. In the three EEO job categories that represent relatively low-skill jobs—service workers, laborers and operatives—we lost some ground. Even in these jobs, however, the percentages of minorities and women continue to be quite high—17% for minorities, 43% for women."

Feeling that a true picture of EEO progress cannot be gained by looking only at one year, Mr. Jones pointed out highlights over the longer term:

- The percentage of women managers is five times higher today than in 1968; it is four times higher in the case of minority managers;
- The percentages for both women and

minorities employed as professionals have more than doubled in the last seven years.

- There have been equally dramatic gains in other EEO categories since 1968.

Further details of the Company's EEO performance will be made available to interested share owners who address their requests to the Editor of the *GE Investor*, Fairfield, Conn. 06431.

The "road to energy independence" was discussed by Vice Chairman Walter D. Dance. "Unfortunately," he said, "as we enter our Bicentennial year, the United States is becoming even more dependent on imported energy, at an ever-higher price."

Looking toward solutions, he noted that while energy conservation is important, it can only "buy us some time," and long-term energy sources such as solar power can't be counted on for significant help in this century.

The solution to the nation's "here and now" energy problem, he said, "lies in greater utilization of America's two most abundant resources: coal and nuclear power." But there are two main obstacles: the delays in the use of the "nuclear option," as discussed on page 10, and the fact that the rate at which the use of coal can be increased is limited by the infra-structures of the mining and transportation industries, mine safety laws and environmental problems related to strip mining. Mr. Dance said, further, that "much of the coal that could be *mined* couldn't be *burned* because of various Federal and state air pollution restrictions."

GE's Vice Chairman strongly endorsed development of nuclear energy. "The technology is here," he said. "Nuclear power is safe, clean and economical." He feels that the public agrees: "A recent Harris poll showed that 63% of the general public favors the construction of more nuclear plants."



GE itself, he said, has made "remarkable progress" in the reliability and efficiency of its nuclear energy reactors. "We believe General Electric and other manufacturers can make further significant contributions toward achieving our national energy objectives—but only if the nation adopts and carries out, at the federal level, clearly defined policies supporting the nuclear option."

Vice Chairman Dance expressed the belief that "government officials should publicly endorse the overwhelming judgments of the scientific and technical community that the nation *needs* nuclear power." Further, the government should "take steps to remove the uncertainties which have affected public confidence and investment decisions by the electric utility companies." Vice Chairman Dance sees "streamlining" of the nuclear regulatory process as essential: "The present approach, involving lengthy adversary proceedings for each individual plant, is a serious obstacle to engineering standardization, which is a key to the design and construction of less expensive, more reliable nuclear plants."

Is GE's nuclear business profitable?

Mr. Dance: "Yes, the nuclear business has been profitable for the last several years and it will be profitable again this year. You as share owners should know, however, that over the next few years we are planning to invest quite a bit of money in engineering and development expense in support of the projects now in our backlog. We think every dollar we put in today will pay us back several-fold in the next decade. Plowing back these funds, we think, is in your interest and also in the interest of the people who are buying these plants."

Has GE cut back its R & D expenditures?

Vice Chairman Herman L. Weiss: "No, we have not. It was necessary to reduce expenses in all of our staff functions because of

the economic downturn. However, we did make a conscious decision not to decrease our total level of effort in corporate research and development. We have maintained the number of scientists and technical people in the Research and Development Center and have offset the additional costs due to inflation by cutting the expenses of other staffs."

Can homes be retro-fitted for heat pumps?

Mr. Dance: "If you have a warm-air furnace with a duct system, your home could be retro-fitted for a GE Weathertron® heat pump for all-electric heating and cooling by this one unit. Some additional insulation might be required, but that is all. If you have a home that is heated by steam heat or hot water, then you would have to duct the whole house. Incidentally, 52% of the new homes going up

(continued on page 14)

180 new commuter cars, delivered for service in the Philadelphia-New Jersey area, demonstrate that "our contribution toward mass transit continues," as reported by Vice Chairman Parker. Also completed: delivery of over 500 commuter cars to Connecticut and New York. In rail transportation, while the U.S. business in locomotives is down, Mr. Parker pictured GE as "expanding our share of the world market" by getting orders for GE locomotives from new customers such as Sudan, Jordan, Syria and Tunisia.



1975 Information Meeting *(continued)*

The only engine powering four types of wide-bodied aircraft is GE's CF6, Vice Chairman Parker reported. A recent highlight, pictured here: the first GE-powered Boeing 747 to enter commercial service. The CF6 also powers the A-300 European Airbus operated by five airlines and two versions of the McDonnell-Douglas DC-10, 183 of which are in service with 31 airlines around the world. "The next significant engine market we anticipate," Parker added, "is for the so-called '10-ton' engines, for use by medium-size, medium-range aircraft. In cooperation with SNECMA, the major engine manufacturer in France, we are developing the CFM56 to supply this market."

today have electric heat, with the heat pump going into about 10% of them. We think the heat pump will probably move up to about 30% of the new homes over the next several years. This is a great device to cut down on heating costs and help conserve energy at the same time."

With regard to 1976 union negotiations, what are the main issues?

Mr. Jones: "The major contracts covering most of our hourly employees expire at midnight, June 27, 1976, but some, including service shops and warehouses, are on a different cycle. The indications are that the unions will enter these negotiations concerned, and rightly so, about the fact that the cost-of-living adjustments have not matched the cost-of-living increases, so I'm sure that our early dis-

cussions will concentrate primarily on the issue of money. It's fair to say that we had very harmonious discussions with the unions three years ago: not that we were not adversaries—we were—but the relationships were on a constructive, progressive basis—no name-calling and no acrimonious public statements. I am very hopeful that we will enter into negotiations in 1976 in the same manner and can have a dialogue that will be constructive and helpful to both management and labor. If this is true, I'm sure we should be able to reach a settlement without major confrontation."

What is the outlook for fusion power?

Mr. Weiss: "Many fusion scientists now believe that in one or two years successful laboratory demonstrations will be feasible. On the most optimistic timetable, however, it will probably take several decades of intensive development and research to go from a small laboratory demonstration to any kind of a large-scale, commercially viable plant. GE engineers believe that we need a few technical breakthroughs and that the success of fusion power will be contingent on some scientific inventions that can't yet be predicted."

What's the outlook for GE's international business?

Vice Chairman Jack S. Parker: "General Electric's international business is a major growth area of the Company. Last year it represented one-fifth of the Company's sales and one-fourth of its income. Although the dramatic rate of growth achieved during the past several years may not be sustainable, 1974's high level of sales and orders has been maintained."

The fastest growth in the last five years, he noted, has come from exports from the U.S., as developing countries ordered power generation, transportation and industrial equip-



ment in unprecedented amounts. "These exports have provided a solid production base for our domestic businesses and in many cases have counteracted domestic downturns."

Mr. Parker described Europe as "GE's largest export market" and cited the Middle East and North Africa as "some of the most exciting new growth markets in the world." GE products and technologies are helping modernize and expand these countries' infrastructures.

GE's largest source of sales internationally are the affiliates in which the Company has a majority or full ownership. These affiliates do more, Mr. Parker pointed out, than produce electrical equipment for their local markets. "By their very presence, they help to 'pull through' exports from U.S. operations."

The Vice Chairman summed up: "Although the economy of the world cannot at this point be described as buoyant, it is not possible to examine the activities and accomplishments of General Electric people around the world without concluding that there is a very promising future for this Company."

Do energy conservation efforts impact on growth in electrical consumption?

Mr. Dance: "Since the energy crisis, the growth of energy use has been off substantially. This year it has come back a little and will probably show about a 2% increase, compared with growth rates averaging about 7½% before the crisis. Our best estimate right now is that next year it will probably come back to about 5.8 to 6%."

Does General Electric plan to stay in the television business?

Mr. Dance: "We've actually already made the big investments required to stay in this business. It's not a matter of allocating more resources: we've already moved the business

from Syracuse to Virginia and have gone to an all-solid-state chassis. That's all behind us. Similarly, we've already met the government's energy requirements on TV sets that are to be met by 1980. While we don't have a major position in the industry and have never been strong in console sets, we have been very strong in portables, sets with 19-inch screens and below, and this is the direction in which the industry seems to be moving — that is, toward our strength. Even though the business has been off, 7 million color sets will be sold this year, as against some 8 million last year. We think the sales will go to about 9 million next year. In summary, we've already paid our entry fee and plan to stay in."

The meeting was adjourned by the Chairman at noon.

Why have factories overseas? Vice Chairman Parker answered that "we manufacture overseas to take advantage of two situations." The first: to win sales that are not available to GE via U.S. exports — "in other words, where local content is required." The second: "to face the condition in this country where we become non-competitive with imports" unless components are manufactured or purchased offshore. This course enables GE "to retain the U.S. engineering, marketing and distribution personnel associated with these particular products." So, "we are not exporting jobs, we are protecting jobs in the U.S." GE also benefits from world trade by supplying ship propulsion systems.





The North Sea: a portrait in oils

**Its stormy waters are the birthplace
of new electric-powered technologies
applied to the quest for oil**

It's one of the stormiest of seas: winds build up to hurricane force, well above 100 miles per hour; 100-foot-high waves pummel anything in their path; salt spray drives into the most inaccessible corners, freezing into foot-thick encrustations in winter.

But under its surface is oil. For over a decade now, drillers' bits have struck black gold beneath the sea's floor. No one knows how great a reservoir of oil may eventually be tapped. Estimates run from 40 billion barrels—two to four times the estimated recoverable reserves from Alaska's North Slope—to more than 70 billion barrels, or as much as Kuwait's proven reserves.

It is important oil. North Sea oil is helping to turn around the economies of the countries that share in owning it. Norway, once an oil importer, is already a growing exporter. Great Britain is expected to be self-sufficient in oil by 1980 and to be a net exporter by 1982. The other North Sea participants—The Netherlands, West Germany and Denmark—are tapped in for beneficent flows of oil and natural gas. Eventually, some predict, the North Sea alone may meet a fifth of Europe's energy needs.

But in the eyes of General Electric experts, the North Sea, while important in itself, is only a new beginning. Here in these stormy waters is being developed an offshore oil-producing technology that will apply to many other areas of the world.

R. Peter Davidson, in charge of the North Sea Oil Project for GE, says: "The

easy oil has been found. Now our customers must work harder to discover new oil resources, and the main places we haven't looked are underwater. Ten years ago only 3% of world oil production was from offshore sources. Now it's more than 18% and is predicted to climb to over 40% in the 1990s."

Already the North Sea partners are looking into the even colder and deeper waters further north. Exploration is extending to the Irish Coast, Greenland and offshore Labrador. Farther afield, 26 companies are exploring the potentialities of the Nile delta, with others looking into prospects in the Aegean Sea, the Amazon basin, the waters off Indonesia and the South China Sea. The U.S. itself faces the question of seeking oil reserves along its Atlantic continental shelf.

So, for GE's oilfield specialists, while North Sea operations themselves constitute a major market, their transcendent importance is as a proving ground for offshore technologies to be applied on a more global basis.

These technologies depend on electric power—power to turn the drilling bits, drive the pumps, raise and lower the drill pipes, supply pressure to pipelines and perform hundreds of other energy tasks.

Offshore oil technology was born in the Gulf of Mexico a generation ago. Previously, GE had supplied drillers with electric motors and other components since the turn of the century. Offshore oil platforms offered GE experts fresh opportunities to extend the Company's role as a prime supplier of electrical equipment for oil-



Strange new shapes of today's evolving offshore oil technology (left) are cast by Norway's Ekofisk project in the North Sea. It's a big market for GE systems, including products such as drillers' consoles (above) used in oil exploration.

field operations. They met the challenge. "Out of the world's total of some 1500 land and sea drilling rigs of substantial size, we can count over 400 that we've equipped," says Roy W. Danielson, now manager of Drill Rig Sales in Europe for GE's overseas sales and service arm. "Today we're the leader in complete electrical packages for oil rigs."

Much of GE's technology centers on a product that, oddly enough, was originally developed not for the oil industry but for rail transportation. It's the 752 DC traction motor, developed to bring precisely controllable power to electric or diesel-electric locomotives. That same precise power met an oil industry need. Today in oilfields around the world, GE's 1000-horse-power 752 motors are turning the drill bits, powering the drawworks and driving such other equipment as mud pumps.

For offshore platforms in the Gulf of Mexico, GE also supplied drilling control consoles and diesel-electric power generators—another derivative from the locomotive business.

But the problems posed by the Gulf of Mexico are small compared with those of the North Sea. Gulf waters are shallower—the average depth for drilling rigs there is 200 feet—compared to depths of over 600 feet so far in the North Sea. Gulf rigs can be fastened to the sea floor; in the North Sea a whole new technology of floating rigs and semi-submersibles had to be developed.

One technique that made these floating rigs and drillships feasible is exact positioning. Precise motor control of anchor windlasses holds rigs in place or, in the newest technique called "dynamic positioning," gimballed motors driving thruster



*In Bergen, Norway,
a GE-equipped semi-submersible rig
is readied for its voyage to a new drilling site.
Anchor windlasses like the one at right, precisely
tensioned by GE electric motors, hold the
12-story-high rig over the drilling site.*

propellers keep the rigs positioned over the drilling hole despite wind, waves and currents. If a rig moves laterally more than 5% of the water depth, the pipe is in danger of snapping.

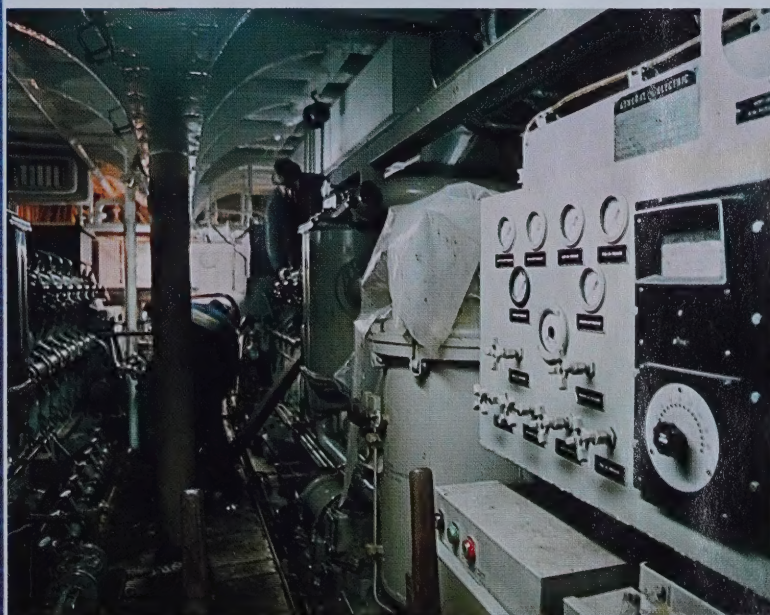
Using these same propellers, giant rigs can slowly propel themselves through the seas. They can move out of the harbors where they were built and station themselves over a drilling site. Or, their function in one place completed, they can move to another. The sight of a twelve-story-tall rig moving out to sea under power of the propellers in its four floating columns startles even those prepared for it.

The North Sea offers other technical challenges. One is the fact that rough seas often preclude loading tankers directly from the platforms. As a solution, the Phillips Petroleum Company's Norway Group has built, as part of its Ekofisk project,

the world's largest offshore container. It rests on the seabed 265 feet below the surface and extends above water to form the base for a platform supporting the pumping equipment. The tank itself weighs 235,000 tons and could contain Paris's Arc de Triomphe twice over in its cavernous interior.

Similarly, the laying of pipelines requires new techniques. Pipe-laying barges must be held precisely in position as the next section of pipe is welded. Again, high-powered electric motors operate anchor winches that hold the barge in place and pull it forward as the pipe laying progresses.

All of this new technology requires larger amounts of mechanical power on production platforms than ever before, opening a new market for General Electric's heavy-duty gas turbine power generation units. For its Ekofisk-area platforms,



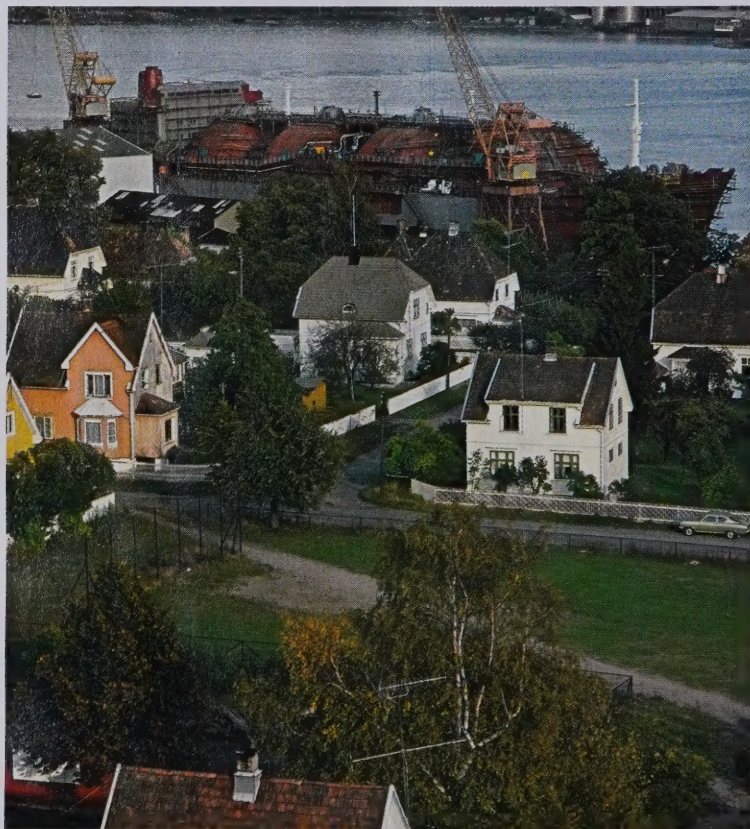
"Douglas Carver," one of the new breed of drilling ships, uses GE electric motors to propel it to its location, position it over the drilling site and turn the drill bits. Its power comes from a complete GE electrical system including these diesel engine/alternator power modules at right.

for their economies and their future growth.

General Electric's oil equipment operations have won substantial sales in the North Sea and are continuing to seek new orders in the area's increasingly competitive markets. In this drive, GE is aided by overseas "manufacturing associates" such as Kvaerner Brug of Norway and John Brown Engineering of Scotland, which provide local national bases and know-how to supplement General Electric's technology.

But the oilfield specialists of GE and its manufacturing associates never lose sight of the larger perspective: the technical advances achieved in the North Sea are the stepping stones toward even more efficient technologies as the quest for oil pushes into deeper waters and other sectors of the globe.

—Edward H. Morgan



GE's involvement in the technology of oil doesn't stop with exploration and extraction. It includes pipeline pumping equipment, refinery drives and the dramatic offshoot shown: propulsion turbines for energy-carrying ships such as this new liquefied natural gas tanker under construction in Moss, Norway.

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Give Quality & Convenience

Day after day and year after year, dependable work-saving General Electric major appliances will give you more time to enjoy the good things in life.

For example, there are GE no-frost refrigerators that deliver ice-thru-the-door. (Model TFF-24R is shown.)

A Potscrubber™ dishwasher (GSC862) washes your dishes sparkling clean—even crusty casseroles! A convenient GE compactor (GCG650) reduces the chore of emptying trash, and a Disposall® food waste disposer (GFC852) makes quick work of scraps.

A washer (WWA8508P) with the Dispensall™ feature adds pre-soak, detergent, bleach and rinse to your wash automatically. And an automatic electronic control stops the dryer (DDE9208P) when your clothes are dry.

There's a truly portable GE Carry-Cool® 4000 BTU air conditioner (AGTE604FA) with a built-in carrying handle, that weighs only 43 lbs.

A GE Countertop Microwave Oven (JET 90) with the automatic cooking control takes the guesswork out of microwave cooking and gives you great results every time.

The beautiful glass-top 30" GE range (JBP87) cleans itself electrically. And, of course, all GE major appliances are protected by Customer Care® Service.

Give one or all, and have a Merry Christmas, plus many happy New Years!



GENERAL  ELECTRIC

Every drop of water is two-thirds fuel.

Every drop of water in the world is one-third oxygen atoms and two-thirds hydrogen.

Hydrogen is one of the cleanest-burning fuels known to man. When it is burned, it produces only two things. Heat and water.

If hydrogen can be economically separated from water, the entire country could run on it. We could use it to run our automobiles. Heat our homes. Cook our meals. And make our electricity.

But that's a big "if." Right now, hydrogen can be extracted from water in a number of ways. But all of them are complicated and expensive.

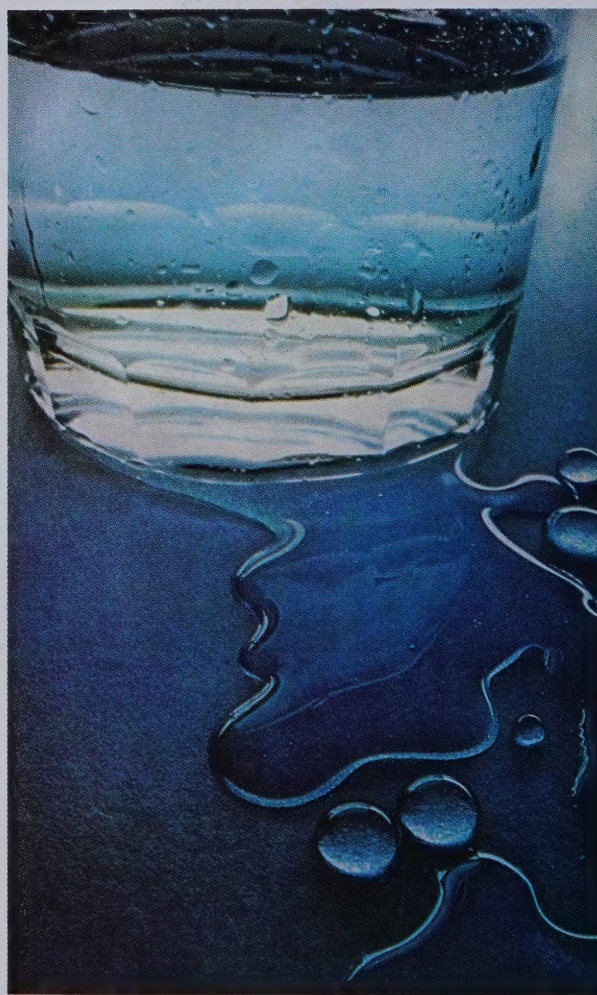
A lot of people, including the people in General Electric research, are studying new ways. But even the most optimistic experts

say the chance for a breakthrough in the near future is a long shot.

our electricity needs will be crystal-clear.

Progress
for
People.

GENERAL  ELECTRIC



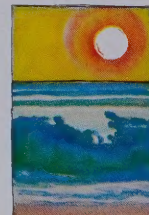
Still, it's an idea that has to be explored.

This is only one of the many areas General Electric is probing to find future sources of electricity. We're also studying ways to harness the energy of the sun, the wind and the tides.

Some of these ideas are more practical than others. And probably none of them will be in wide use within this century. But with our tremendous need for electricity and the growing scarcity of some fuels, we have to consider every possibility.

Meanwhile, we have to make the wisest possible use of all our natural resources. And continue to look for new ways to make electricity.

But perhaps, someday, the answer to



The sun, sea or wind might toast your bread.

There's a lot of power locked in H₂O.

